Mexico's economy
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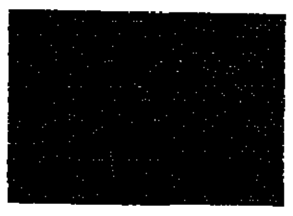

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FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY JANUARY 13 1995 — D8523A

Latin American markets boosted by US aid hopes

Latin American financial markets rose strongly ahead of a planned meeting yesterday between US president Bill Clinton and the congressional leadership over expanding a financial aid package to Mexico. An administration official was reported as saying the package could range between $25bn and $40bn over, and above the $9bn US government contribution to an existing international $18bn credit line to Mexico. Miracle or mirage, Page 13; Currencies, Page 28; World stocks, Page 32

Croatia calls for withdrawal of UN

Fears of a new Serb-Croat war are growing after Croatian president Franjo Tudjman (left) told the UN to start withdrawing its peacekeeping forces at the end of March. Boutros Boutros Ghali, the UN secretary general, said he was "gravely concerned about the risk of renewed hostilities should UN peacekeepers be withdrawn". Mr Tudjman said the 15,000-strong contingent must leave within three months of the date. Page 2

Saatchi warned of vote result: Advisers S.G. Warburg and UBS Securities told advertising agency Saatchi & Saatchi last May that former chairman Maurice Saatchi would not survive a shareholder vote on whether he should remain. Page 15, Lex; Page 14; Observer, Page 13

Hungary's sell-off plans in doubt: Hungary's Socialist-led government has cancelled a substantial privatisation deal and removed the country's reformist privatisation chief. Page 14

NZ minister offers to head WTO: New Zealand trade minister Philip Burdon said he was ready to serve as head of the new World Trade Organisation if governments could not agree on any of the three official contenders for the job. Page 14

Fininvest sells Euromercato: Fininvest, the media, retailing and financial services empire owned by Silvio Berlusconi, Italy's prime minister, yesterday agreed the sale of its Euromercato hypermarket business for L971bn ($597m).

Bundesrat to reject budget: Germany's upper house of parliament, the Bundesrat, is poised to reject the 1995 budget, which calls for savings of DM5bn ($3.2bn). Page 2

Quaker issues profits warning: US breakfast cereal and drinks group Quaker Oats, which bought the Snapple Beverage drinks company for $1.7bn, warned that earnings would be 20-25 per cent down in its second quarter. Page 15

Lonrho 55% ahead: Lonrho recorded a 55 per cent rise in annual pre-tax profits to £112m ($175m) and chief executive Dieter Bock predicted a "very good" 1995. Page 15; Lex, Page 14

Russia attacks Chechnya critics: Russian officials retaliated against the mounting western criticism of Moscow's military intervention in Chechnya. Page 2

India and US tighten defence ties: India and the US signed an agreement to widen co-operation on defence and security. Page 3

Car sales rise in Europe: West European new car sales rose by an estimated 10.5 per cent year-on-year in December to 796,800 as demand strengthened, particularly in southern Europe. Page 2

Mexico halts electricity sell-off: Mexico, beset by financial crisis, backed away from plans to privatise its electricity plants, saying it will attempt to sell securities backed by the plants' revenues instead. Page 4

Pakistani banker charged: Khalid Latif, chairman of Allied Bank, Pakistan's second largest private sector bank, was arrested on fraud charges. Page 3

British Gas restructuring defended: British Gas chairman Richard Giordano will continue plans to commercialise the company even though this is bound to refuel the controversy which has surrounded it in recent weeks. Interview, Page 12

London backs trade visit to Iraq: British companies are preparing to visit Iraq with government backing next month in spite of the UK's support for the continuance of sanctions favoured by Washington. Page 3

Giant black hole discovered: US scientists found evidence of the biggest black hole yet discovered – with a mass equal to 40 million suns.

■ STOCK MARKET INDICES		
FT-SE 100	3,033.2	(-16.2)
Yield	4.25	
FT-SE Eurotrack 100	1,308.65	(-6.31)
FT-SE-A All-Share	1,506.95	(-0.4%)
Nikkei	19,410.01	(-138.46)
New York lunchtime		
Dow Jones Ind Ave	3,866.01	(-2.02)
S&P Composite	461.38	(-0.29)
■ US LUNCHTIME RATES		
Federal Funds	5⅞%	
3-mo Treas Bills: Yld	5.77%	
Long Bond	95⅝	
Yield	7.873%	
■ LONDON MONEY		
3-mo Interbank	6⅞%	(same)
Liffe long gilt future	Mar 100⅞	(Mar 100⅜)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$16.58	(16.5)
■ GOLD		
New York Comex (Feb)	$381.3	(377.3)
London	$381.1	(375.9)

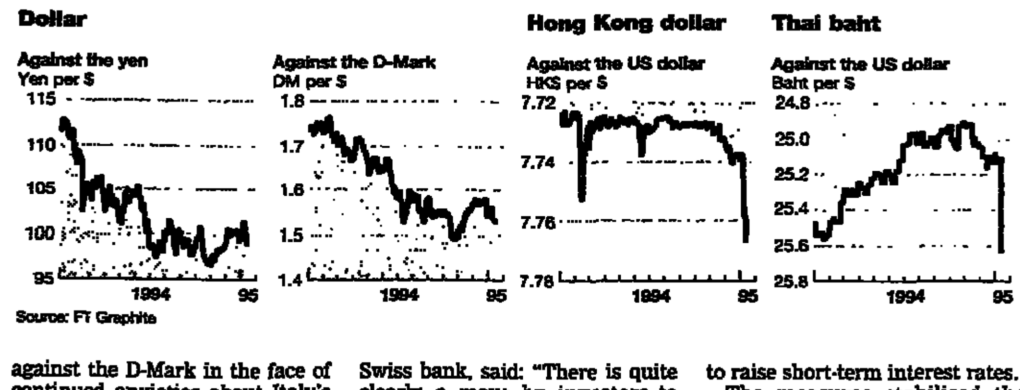
■ STERLING		
New York lunchtime:		
$	1.57265	
London:		
$	1.5689	(1.5603)
DM	2.3996	(2.3957)
FFr	8.3816	(8.2784)
SFr	2.0121	(2.0089)
Y	155.387	(155.827)
£ Index	79.5	(79.3)
■ DOLLAR		
New York lunchtime:		
DM	1.52725	
FFr	5.2845	
SFr	1.2805	
Y	98.8	
London:		
DM	1.5295	(1.5354)
FFr	5.2915	(5.3057)
SFr	1.2825	(1.2875)
Y	99.045	(99.87)
$ Index	62.8	(63.1)
Tokyo close Y 99.8		

Austria	Sch35	Greece	Dr400	Malta	Lm0.60	Qatar	QR13.00		
Bahrain	Din1.250	Hong Kong	HK$18	Morocco	MDh15	S.Arabia	SR11		
Belgium	BFr70	Hungary	Ft185	Neth	Fl 4.25	Singapore	S$4.30		
Bulgaria	Lv100.00	Iceland	IKr220	Nigeria	Naira90	Slovak Rp	KSL60		
Cyprus	C£1.10	India	Rs75	Norway	NKr18.00	S. Africa	R12.00		
Czech Rp	CZK55	Israel	Shk7.90	Oman	OR1.50	Spain	Pta225		
Denmark	DKr17	Italy	L3000	Pakistan	Rs40	Sweden	SKr17		
Egypt	E£5.00	Japan	Y600	Philippines	Peso50	Switz	SFr3.60		
Estonia	EKr28	Jordan	JD1.50	Poland	Zl 42,000	Syria	S£50.00		
Finland	FM15	Kuwait	Fils.625	Portugal (m'land)	Es230	Tunisia	Din1.500		
France	FFr10.50	Lebanon	US$1.50			Turkey	L40,000		
Germany	DM3.60	Lux	LFr70			UAE	Dh12.00		

Lira, peseta and escudo weaken against D-Mark ■ Authorities defend HK dollar

Currency turmoil buffets dollar

By Motoko Rich and Philip Coggan in London and Simon Holberton in Hong Kong



Source: FT Graphite

Hong Kong interest rates rise to defend dollar........Page 3
International bonds.....Page 19
Currencies Lex..........Page 28
World stocks ....Page 32

Turmoil continued to grip foreign exchange markets yesterday with fringe currencies in Europe and Asia coming under further pressure amid evidence of a continued "flight to quality" after Mexico's financial crisis.

The dollar fell victim to the instability. In the wake of concerns about US pledges of support for the Mexican peso, it dropped three quarters of a yen to Y99.045 and half a pfennig to DM1.5295 in European trading. The scramble out of fragile currencies – from the Italian lira to the Thai baht – saw European investors buying the D-Mark and Asian investors opting for the yen.

The stronger D-Mark compounded the pressure on European currencies that have been weakened by political troubles or high budget deficits. The lira sank to a record low of L1,064.75 against the D-Mark in the face of continued anxieties about Italy's failure to form a new government.

The Spanish peseta also fell close to its low against the D-Mark, dragging down its neighbour, the Portuguese escudo. The French franc touched a 13-month low of FFr3.4595 to the D-Mark.

In Asia, investors sold currencies they deemed risky. Mr Adrian Cunningham, senior currency economist of UBS, the Swiss bank, said: "There is quite clearly a move by investors to reduce their exposure to currencies they perceive to be candidates for devaluation."

The Hong Kong authorities were forced to defend the colony's dollar, which is pegged to the US currency at HK$7.8. Dealers reported that the Hong Kong Monetary Authority, which manages the currency, intervened to support the HK dollar, while operating via the money markets to raise short-term interest rates.

The measures stabilised the Hong Kong dollar at HK$7.76 but the Indonesian rupiah and Thai baht came under severe selling pressure. An Indonesian government minister said there were no plans to devalue the rupiah, after a similar statement from the Bank of Thailand.

Higher US interest rates have put pressure on Asian economies especially those countries which have formal or informal currency links to the dollar.

Mr Michael Hughes, global strategist at BZW, the securities house, said: "There are more currencies linked to the US dollar than at any time since the fall of the Bretton Woods system [of semi-fixed exchange rates] in the early 1970s. This has increased the significance and impact of a US interest rate rise."

The Canadian dollar was also caught up in the global jitters. It touched a nine-year low against the US currency on political and budgetary fears.

The Bank of Canada intervened in the markets to support the currency and raised interest rates by half a percentage point to 6.25 per cent.

Citicorp rushes to calm fear in markets

By Richard Waters in New York

Citicorp, the biggest US banking group, rushed out its 1994 earnings report five days early yesterday in an effort to calm stock market fears that it had lost money in the devaluation of the Mexican peso and the fall-out in other Latin American markets.

However, the bank's record $3.4bn of after-tax profits for the year failed to reverse stock market sentiment, which turned sour after Latin American markets as a whole plunged this week. After a 3.5 per cent drop on Wednesday, Citicorp's shares lost another $⅞ yesterday morning, to $39⅜.

Citicorp and J.P. Morgan, the rival New York-based bank which released 1994 results yesterday, also confirmed the general collapse in bank trading profits as a result of the worldwide fall in bond markets last year.

Both banks saw their trading income plummet, with Citicorp's earnings in this area tumbling $1.2bn to just $731m and J.P. Morgan's halved at $1bn. Much of the decline was due to a fall-off in profits from Latin American and other emerging markets.

Mr John Reed, chairman of Citicorp, said the stock market was "understandably concerned about the financial situation in Mexico". But he added that, while the country's adjustment to the devaluation would not be smooth, "we have not experienced any important negative impact on our operations and we do not anticipate any serious problems going forward".

His comments did not fully allay the stock market's concerns, which have focused this week on the the damage that would be done to Citicorp and other big US banks from a broader currency crisis and slowing of economic growth in Latin America.

Trading in emerging financial markets and underwriting securities issues for Latin American governments and companies had

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Gain tops market estimates, Page 17

Paris plans own exchange for small companies

By Andrew Jack in Paris and Norma Cohen in London

The Paris Bourse, one of the early backers of a Europe-wide exchange for growing companies, now plans to launch a similar exchange on its own.

The move could jeopardise the success of the proposals, supported by the European Venture Capital Association and the US-based Nasdaq stock market, to set up a new pan-European exchange by the beginning of next year.

Details of the new Paris market – codenamed the MVN or Marché des Valeurs Nouvelles – are expected to be revealed at the end of February or in early March when a commission of French market professionals, regulators and government representatives presents its final recommendations. The new exchange would start trading early next year.

The aim is to target companies in France and other European countries which are too small or new to have the track record necessary for a listing on the Paris stock exchange, but which would avoid the stigma attached to over-the-counter trade. Initial discussions last summer suggested that about fifty companies could be quickly recruited.

The Paris Bourse yesterday stressed that it is still willing to co-operate with others contemplating new exchanges and it has no intention of competing with its partners.

"This is not a hegemonic move," said Mr Jean-Francois Théodore, chairman of the Société des Bourses Francaises, the body that operates the French stock market.

The original venture, named Easdaq, already faces potential competition in London where the London Stock Exchange is considering the establishment of an Alternative Investment Market for the trading of smaller company shares.

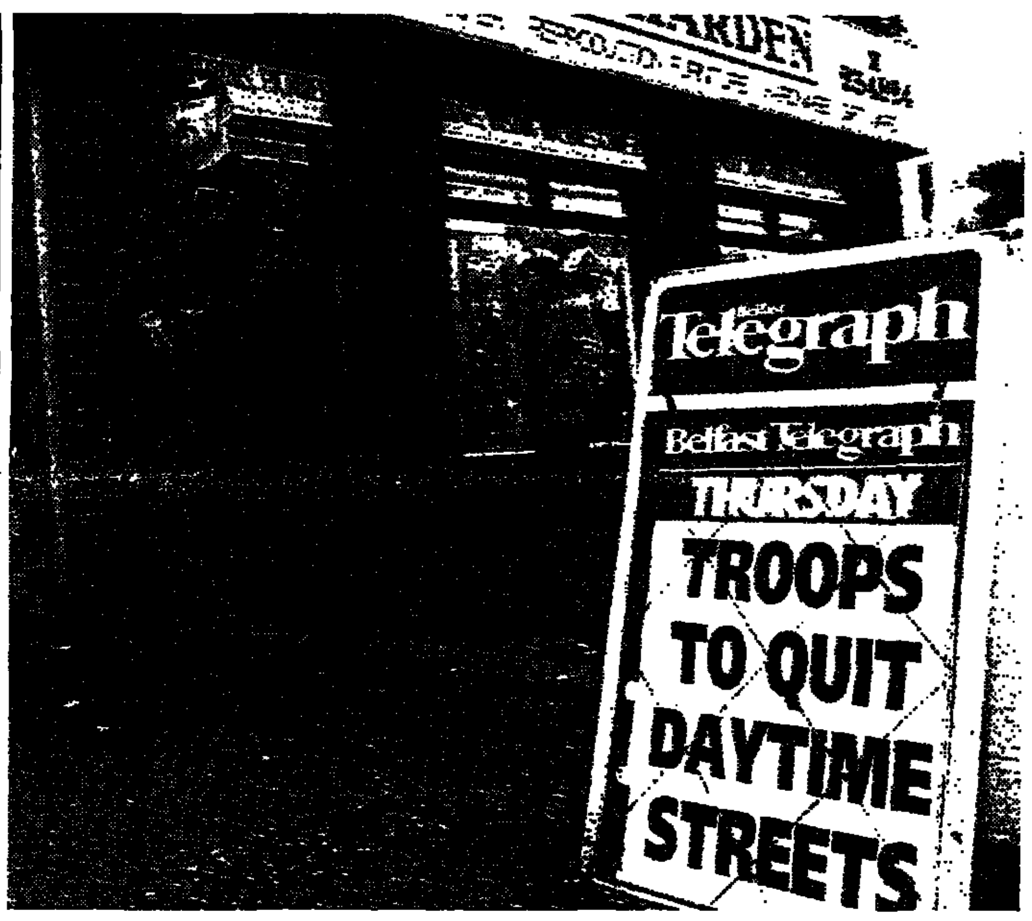
The London Stock Exchange had declined to back the Easdaq venture, saying it saw no purpose to a new exchange.

Proponents of Easdaq said the London Stock Exchange fears the competition.

"These bourses are scared because they are going to lose power over their own markets," said Ms Katie Morris, executive director of Cisco, the UK group for smaller companies. "They are going to lose their acorns."

Bodies concerned about ensur-

Continued on Page 14



A member of the Parachute Regiment on patrol on the Falls Road in West Belfast after it was announced that British troops will be taken off the streets on Sunday. Ian Paisley's Democratic Unionist party condemned the move as a "crazy concession to the IRA" Report, Page 14 Picture: Paul Faith

Xerox boosts stake in joint venture with Rank to 71%

By Tony Jackson in New York and David Blackwell in London

Xerox, the US document processing company, is to raise its stake in its Rank Xerox joint venture from 51 per cent to 71 per cent in a deal valuing Rank Xerox at more than $7bn. The other partner in the venture, Rank Organisation of the UK, will receive £620m ($960m) in return for reducing its stake from 49 per cent to 29 per cent.

Mr Michael Gifford, Rank chief executive, said the sale would enable the group "to realise part of our profit on what has obviously been a successful investment".

Xerox said its purchase of only 40 per cent of Rank's holding reflected Rank's decision not to sell more. "We did 40 per cent rather than 100 per cent because that was the deal we could do," a spokesman said.

A further move to full ownership of Rank Xerox was not ruled out, Xerox said. However, this would "certainly not be within the next year or two".

Xerox added that the transaction would have no effect on the operations of Rank Xerox.

Under the terms of the joint venture, Xerox has a two-thirds economic interest in Rank Xerox. The deal will raise its interest to about 80 per cent. It will also increase Xerox's stake in its Japanese joint venture Fuji Xerox, held through Rank Xerox, from 25 per cent to about 35 per cent.

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Lex ....Page 14
Rank advances ....Page 20

The deal represents a further return by Xerox to its origins in document copying. In the early 1980s, it diversified into financial services in response to intense competitive pressure from Japan. It has since fought back successfully, and is now in the process of selling its financial service businesses.

Rank Xerox, which represents Xerox's interests in Europe, Africa and parts of Asia, contributes more than a third of Xerox sales worldwide. In the first six months of the current year its profits were up 38 per cent before restructuring charges, chiefly because of a strong performance in east and west Europe.

Rank said that while the sale would dilute its earnings, the money would be used to invest in its core leisure and entertainment businesses.

Shares in Rank, which had risen initially on news of a rise in profits, fell 22p to 381p when the deal was announced. Xerox shares rose $3 to $102⅞ in early trading.

The deal with Xerox, which has been structured in such a way as to avoid liability for capital gains tax, is expected to be completed in March.

As part of the deal, Rank is offering to buy out the minority holders in A Kershaw, the listed company that owns nearly 20 per cent of Rank's interest in Rank Xerox.

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LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

German upper house set to reject budget

By Judy Dempsey in Bonn

Germany's Bundesrat, or upper house of parliament, which represents the country's 16 states, is poised to reject the 1995 budget, which calls for savings of DM5bn (£2bn).

Earlier this week the 10 Socialist-controlled states voted in the Bundesrat finance committee against the budget plans of Mr Theo Waigel, the finance minister. The committee's alternative proposals and recommendations will be presented to the full Bundesrat on January 20.

The vote is a clear signal to Chancellor Helmut Kohl's governing Christian Democratic-led coalition that the Bundesrat intends to exert greater political influence over policy following federal elections last October when the opposition Social Democrats, along with their coalition partners, secured 41 of the 68 Bundesrat seats.

If the Bundesrat does reject the budget, Mr Kohl will have to seek a compromise before draft bills are presented to the lower house. A CDU official yesterday said this could amount to an informal grand coalition with the SPD.

Agreement on the budget can take several months – the 1993 budget was finally passed in May, even though the fiscal year coincides with the calendar year. If there are long delays, the finance ministry can adopt a provisional budget.

"This year will be different from the previous three years because we are out of the recession. This could give Waigel some room for manoeuvre for 1996, making the 1995 budget a bit more palatable. But the Bundesrat will fight hard," a finance ministry official said.

The committee vote against the budget proposals was designed to warn Mr Waigel not to shift some of the financial burden from the Bund, or federal authorities, to the states, and especially to local communities. The latter, for instance, will have to take more responsibility for funding social welfare and unemployment benefits under the budget.

"The local communities will be strapped for cash," a Bundesrat finance committee official said. "They will be forced to close museums and swimming pools or else introduce charges."

But Mr Waigel is keen for the local councils to accept more responsibility for their deficits and a greater share of their public spending by introducing greater competition through privatisation, particularly of the utilities and public services.

Germany's states and local communities are already notorious for overspending. The western German states were last year forced to borrow DM28.5bn on the capital markets – for the first time exceeding their all-time record deficit of DM26.1bn in 1981. As for the eastern German states, having started with a clean slate in 1990, they will have borrowed about DM28bn last year alone and will have run up debts of over DM76bn. The combined net borrowing for the local authorities will total DM22bn for 1994.

Part of the shift in spending is related to Mr Waigel's goal of consolidating the budget so as to reduce the federal, state and local government deficits by DM7bn to DM111bn.

Croatia raises fears of new war

By Laura Silber in Belgrade and Judy Dempsey in Bonn

Fears of a new Serb-Croat war were growing last night after the Croatian president, Mr Franjo Tudjman, told the United Nations to start withdrawing its peacekeeping forces at the end of March.

Mr Boutros Boutros Ghali, the UN secretary-general, said he was "gravely concerned about the risk of renewed hostilities should UN peacekeepers be withdrawn".

Mr Tudjman, who also announced his decision in a television broadcast to the nation, said the 15,000-strong contingent must leave the country within three months of the expiry date. The announcement caused alarm in Germany and the US, Croatia's two closest allies.

German officials said Mr Klaus Kinkel, the foreign minister, pleaded with his Croatian counterpart, Mr Mate Granic, to change his mind during emergency talks in Bonn. Officials in both capitals said it amounted to a virtual declaration of intent to recover its Serb-controlled territories by force. About one-third of Croatia's territory has been under Serb control since the Serb-Croat war of 1991-92 in which 10,000 people were killed. Croatia has complained that the UN troops on its soil have consolidated partition.

Western diplomats said the Croatian move could be a negotiating tactic to secure a more favourable mandate, but they were surprised by the firmness of Zagreb's stance. Diplomats said US President Bill Clinton had written to Mr Tudjman expressing "grave concern" and suggesting he should "rethink urgently" the Croatian decision.

Mr Kinkel telephoned Mr Warren Christopher, the US secretary of state, to inform him of the Croatian move, and a German spokesman said later: "Washington was clearly as disappointed as we were."

UN officials say they have made considerable progress towards reintegrating Croatia's economy, including a recent agreement to reopen the main highway between Zagreb and Belgrade.

Rebel Serb leaders say they remain uncowed by Croatian threats. One said they would offer to host the UN in Knin, their stronghold on Croatian territory, if the peacekeepers were expelled from Zagreb, their current headquarters. "The Croats do not have enough manpower to mount a full-scale attack, and our army is more than able to fulfil its duties," said Mr Branko Filipovic, a Croatian Serb official.

The surge in Serb-Croat tension comes at a time when the conflict in Bosnia has been defused by a largely observed truce, albeit with daily setbacks. Serb, Moslem and Croat commanders late on Wednesday signed an agreement to reopen access routes to Sarajevo.

THE FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nibelungenplatz 3, 60318 Frankfurt am Main, Germany. Telephone ++49 69 156 850. Fax ++49 69 5964481. Telex 416193. Represented in Frankfurt by J. Walter Brand, Wilhelm J. Brüssel, Colin A. Kennard as Geschäftsführer and in London by David C.M. Bell and Alan C. Miller. Printer: DVM Druck-Vertrieb und Marketing GmbH, Admiral-Rosendahl-Strasse 3a, 63263 Neu-Isenburg (owned by Hürriyet International). ISSN: ISSN 0174-7363. Responsible Editor: Richard Lambert, c/o The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL, UK. Shareholders of the Financial Times (Europe) GmbH are: The Financial Times (Europe) Ltd, London and F.T. (Germany Advertising) Ltd, London. Shareholder of the above mentioned two companies is: The Financial Times Limited, Number One Southwark Bridge, London SE1 9HL. The Company is incorporated under the laws of England and Wales. Chairman: D.C.M. Bell.
FRANCE: Publishing Director: D. Good, 168 Rue de Rivoli, F-75044 Paris Cedex 01. Telephone (01) 4297-0621, Fax (01) 4297-0629. Printer: S.A. Nord Eclair, 15/21 Rue de Caire, F-59100 Roubaix Cedex 1. Editor: Richard Lambert. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.
DENMARK: Financial Times (Scandinavia) Ltd, Vimmelskaftet 42A, DK-1161 CopenhagenK. Telephone 33 13 44 41. Fax 33 93 53 35.

González tries to calm nerves with reforms

By Tom Burns in Madrid

Mr Felipe González, Spain's prime minister, is planning a package of deregulatory measures in a bid to quell market nervousness over his government's stability.

The measures include a bill to stop banks forcing mortgage customers to use the same banks' pension products, a new law on land use that will stimulate the property sector and regulations against restrictive practices in the professions.

Drawn up by the finance minister, Mr Pedro Solbes, the government hopes the package will impress upon financial markets that although it is being pressured politically by a string of scandals, the government is determined to take unpopular measures in the interests of sound economic management.

Officials said the cabinet would also adopt a key measure proposed by Mr Solbes that imposes a month by month surveillance of expenditure by different government departments in order to tighten spending. Any unplanned additional revenue would thus be channelled towards lowering the projected general government budget deficit of 5.9 per cent of GDP.

The prime minister's fortunes meanwhile received a boost yesterday when the Basque and Catalan nationalist parties issued a clear signal that he could continue to count on their support in parliament.

The two parties closed ranks behind Mr González's minority socialist government to block an opposition motion that called on him fully to explain damaging allegations linking his administration to an undercover war waged 10 years ago against ETA, the Basque separatist group.

A legal investigation into an anti-ETA death squad has led to the arrest of four former senior interior ministry officials and fired speculation that Mr González will be forced from office by the scandal.

Yesterday the markets remained tense, although largely quiet, in what traders described as a lull before the storm. There were rumours that big hedge funds were preparing new speculative attacks on Spain's currency by buying peseta put options, a tactic designed to profit from a fall a currency's value.

The peseta has lost 3 per cent of its value against the D-Mark since the begining of the year despite evidence of economic recovery and a pre-emptive increase by the Bank of Spain of its key monetary rate last week. On Tuesday, as the peseta toppled against the D-Mark, the Bank of Spain intervened to prevent the currency from falling through its floor in the exchange rate mechanism of the European Monetary System.

Support for Madrid's weakened bond and equity markets meanwhile came yesterday from the Banco Santander group, the leading domestic banking institution. Santander said it was buying on its own account and recommending its clients to do so because there had been a politically-fuelled overreaction that was not justified by the state of the Spanish economy.

Hurd sees Anglo-French views on EU converging

By David Buchan in Paris

The growing convergence of Anglo-French conservative views on European Union institutions, and some policies such as defence, was yesterday underscored directly by Mr Douglas Hurd, the UK foreign secretary, and implicitly by the French prime minister Mr Edouard Balladur.

Speaking to the French institute for international affairs, Mr Hurd yesterday urged France to ally itself more closely with the UK in next year's EU constitutional conference than it had at the time of the Maastricht treaty negotiations when a Socialist-run France joined with Germany to sideline Thatcherite Britain.

Noting that the UK and French governments shared a common belief in the nation state and a common dislike for centralised supranational European institutions, the UK minister went on to say that "we do not like, any more than France does, the concept of a hard core of nations which by exclusive decisions place themselves in a different category from their partners". He was referring to last September's call by German Christian Democrat MPs for France to join Germany and the Benelux nations in a hard core of EU members, setting the pace in integration.

At a separate meeting, Mr Balladur yesterday restated his objection to the rigidity of this German plan and his preference for flexible integration by groups of countries whose membership would vary according to the issue in hand. He reiterated his objection to a "federal" Europe taking ever more decisions by majority verdict.

While not mentioning the UK specifically, the French prime minister spoke of the French presidency's "very pragmatic" approach to preliminary preparations for the 1996 conference, in terms that indicated quite broad agreement with Mr Hurd.

A day earlier, Mr Jacques Chirac, who is Mr Balladur's fellow Gaullist rival for the presidency, saw the British prime minister Mr John Major in London and said France should position itself "between the integrationist position of Germany and the free trade oriented one of Britain", and that the best hope for 1996 would be a "French-British-German agreement".

French left in disarray on presidential election

By John Ridding in Paris

France's Socialist and Communist parties yesterday failed to narrow differences in strategies for the country's forthcoming presidential elections, providing a further boost for Mr Edouard Balladur, the prime minister and frontrunner in polls.

Communist officials played down the prospects of co-operation with the Socialists following a meeting with Mr Henri Emmanuelli, Socialist party leader. "There are deep contrasts which cannot be denied," said one official.

He said Mr Robert Hue, the leader of the Communist party, had already announced his decision to contest the elections to succeed Socialist President François Mitterrand. Communist officials also appeared cool towards an alliance between the two parties in the run-off of the two-round elections.

The Socialist party sought to play down the differences with the Communists. "I think it would be very unlikely that a Communist comrade would accept there being no left-wing candidate in the second round," said one official.

The unproductive talks with the Communists compounded the disarray in the ranks of the Socialists. Opinion polls taken after the decision by Jacques Delors, the outgoing president of the European Commission, not to contest the elections, suggest that a Socialist candidate may not even make it to the second round of the election. Instead, Mr Balladur and his Gaullist rival Mr Jacques Chirac could both make it to the run-off.

Attempts to find a candidate to replace Mr Delors have also fuelled divisions within the party and the broader political left. Several potential Socialist candidates, such as Mr Michel Rocard, the former party leader, have said they will not stand.

Mr Lionel Jospin, the former education minister, has put himself forward as a possible candidate, but has come under attack from Mr Bernard Tapie, the populist left-wing politician.

Italian MPs keep electoral reform powers

By Robert Graham in Rome

Italy's constitutional court has given parliament a free hand to change electoral laws by ruling out two proposed referendums abolishing proportional representation.

The decision, announced on Wednesday and published yesterday, was handed down on proposals to eliminate the remaining 25 per cent of parliamentary seats still covered by proportional representation after new electoral rules came into force in 1993. The court ruled on a total of 16 referendums, giving the green light to nine and blocking seven. The proposal to end proportional representation was the most politically important.

It was rejected by the court on the grounds that it would have created a legal vacuum and required a redrawing of constituencies. Put forward by Mr Marco Panella, the Radical politician and inveterate referendum campaigner, it also risked imposing a legislative calendar on parliament.

It would probably have received popular endorsement and would then have stacked the odds in favour of parliament adopting a first-past-the-post system based on a single round of voting. While a majority of MPs are in favour of ending the current unsatisfactory mix of proportional and majority voting created by the 1993 reforms, parties are split over a single round of voting. The left and many of the minority parties believe a French-style second round is more suitable for Italy.

The court's rejection allows a freer debate in parliament on the merits of the two options. It also means that President Oscar Luigi Scalfaro does not have to worry about this as a referendum issue while trying to resolve the government crisis.

Of the nine referendums accepted by the court, four concerned Italy's complex system of state and commercial television. The most important is the go-ahead for a referendum, promoted by the left, to end the privilege of an individual owning more than one commercial television channel.

This is aimed deliberately at Mr Silvio Berlusconi, the outgoing prime minister and owner of Fininvest which possesses three commercial channels that account for 45 per cent of total TV audiences. Last year the court ruled unconstitutional a 1990 law laying down the current regime of state and commercial television that gave Fininvest an unfair advantage over other private operators.

The court then set a deadline of 1996 for the issue to be resolved. With the conflict of interest between Mr Berlusconi's role as a politician and his ownership of Fininvest, the combination of these two decisions means that parliament must address the issue either before or after the referendums are held.

New car sales in Europe show 5.9% rise for year

By Kevin Done, Motor Industry Correspondent

West European new car sales rose by an estimated 10.5 per cent year-on-year in December to 796,800 as demand strengthened, particularly in southern Europe.

Sales increased significantly in the final two months of 1994, helped by the recovery from recession in Italy and continuing strong demand in France, Spain and the Nordic countries.

In the whole of 1994 new car sales in west Europe rose by 5.9 per cent to 11.9m, according to figures released yesterday by the European Automobile Manufacturers Association (Acea). New car sales fell by more than 15 per cent in 1993, the steepest decline in the post-war period, but demand began to recover last year in most markets.

New car sales in the full year were higher than a year ago in 12 of the 17 markets across west Europe, with further declines suffered only in Italy, Luxembourg, Portugal, Greece and Austria.

In December new car sales rose year-on-year in 15 markets with sales falling only in the UK and in Greece. In the main volume markets sales increased last month by 30 per cent year-on-year in Spain, by 15.2 per cent in France and by 14.6 per cent in Italy.

Demand also began to recover in Germany, the biggest single market in Europe, in the final months of the year, with new car sales rising last month by an estimated 6.4 per cent. Concern is growing about prospects in the UK, however, which led west Europe out of recession but where new car sales have fallen year-on-year for the last three months in succession.

Leading carmakers expect a further modest increase in demand across west Europe this year.

Mr Giorgio Garuzzo, president of Acea and chief operating officer of the Fiat group of Italy, said that the industry had "weathered the worst of the crisis" and was now "on the path to recovery".

He forecast that new car sales in west Europe would rise by 3-4 per cent this year to around 12.2m, with light commercial vehicle sales increasing to 1.2m. Truck sales (above 5 tonnes gross vehicle weight) rose by 2.6 per cent last year to 200,000, finally ending 4 years of recession, and Acea forecast that the recovery would strengthen this year with a rise of around 5 per cent.

Mr Garuzzo warned, however, that new vehicle demand remained well below its pre-recession levels and that growth would remain slow.

"There remains a general feeling of uncertainty, that stems primarily from the high level of unemployment in Europe, from higher taxes in many countries, and from the fact that several countries are facing serious structural problems," he said.

The PSA Peugeot Citroën group and Renault, the French carmakers, along with Fiat of Italy, staged the strongest performances among the big six volume car makers in Europe last year.

Japanese car producers lost ground heavily. Their competitiveness was hit by the sharp appreciation of the yen. Their overall sales fell by 5.8 per cent to 1.3m and their share declined to 10.9 per cent from 12.3 per cent a year earlier, the lowest level for five years.

WEST EUROPEAN NEW CAR REGISTRATIONS
January-December 1994

	Volume (Units)	Volume Change(%)	Share (%) Jan-Dec' 94	Share (%) Jan-Dec' 93
TOTAL MARKET	11,914,200	+5.9	100.0	100.0
MANUFACTURERS:				
Volkswagen group	1,904,500	+3.8	16.0	16.3
– Volkswagen	1,228,500	+1.3	10.3	10.8
– Audi	317,900	+3.2	2.7	2.7
– Seat	299,800	+14.2	2.5	2.3
– Skoda*	58,200	+13.5	0.5	0.5
General Motors#	1,565,100	+5.2	13.1	13.2
– Opel/Vauxhall	1,499,450	+4.8	12.6	12.7
– Saab**	52,600	+23.4	0.4	0.4
PSA Peugeot Citroen	1,527,800	+9.7	12.8	12.4
– Peugeot	919,300	+9.5	7.7	7.5
– Citroen	608,500	+10.1	5.1	4.9
Ford group#	1,408,600	+8.0	11.8	11.6
– Ford	1,380,000	+7.7	11.6	11.4
– Jaguar	10,900	+0.8	0.1	0.1
Renault	1,305,400	+9.2	11.0	10.6
Fiat group##	1,286,900	+9.7	10.8	10.4
– Fiat	1,007,700	+14.2	8.5	7.8
– Lancia	163,300	–0.1	1.4	1.5
– Alfa Romeo	100,800	–12.1	0.8	1.0
BMW group	774,900	+6.5	6.5	6.5
– BMW	389,000	+6.1	3.3	3.3
– Rover	385,900	+7.0	3.2	3.2
Mercedes-Benz	422,400	+19.1	3.5	3.2
Nissan	384,000	–3.8	3.2	3.5
Toyota	312,700	–1.1	2.6	2.8
Volvo	200,300	+16.7	1.7	1.5
Mazda	177,600	–7.6	1.5	1.7
Honda	167,800	+3.8	1.4	1.4
Mitsubishi	119,100	–14.0	1.0	1.2
Suzuki	74,000	–20.3	0.6	0.8
Total Japanese	1,300,200	–5.8	10.9	12.3
MARKETS:				
Germany	3,210,300	+0.5	26.9	28.4
France	1,973,200	+14.6	16.6	15.3
United Kingdom	1,910,900	+7.5	16.0	15.8
Italy	1,646,900	–2.7	13.8	15.8
Spain	908,100	+21.9	7.6	6.6

*VW holds 60.3 per cent of Skoda.
#Includes cars imported from US and sold in western Europe.
**GM holds 50 per cent and management control of Saab Automobile.
Fiat group includes Lancia, Alfa Romeo, Innocenti, Ferrari and Maserati.
Source: ACEA (European Automobile Manufacturers Association) estimates. Figures are rounded.

EUROPEAN NEWS DIGEST

Russia attacks Chechnya critics

Russian officials yesterday retaliated against the mounting western criticism of Moscow's military intervention in Chechnya, accusing the west of returning to cold war rhetoric.

Russia's hostile response to western charges suggests that the Chechen war, which has already alienated liberal politicians from the government within Russia, could also herald a chill in Moscow's relations with the west. Mr Grigory Karasin, a foreign ministry spokesman, yesterday accused some western politicians and organisations of "practically calling for a freeze on political and economic co-operation with Russia". At an ambassadors' meeting in Vienna yesterday, US and EU diplomats formally accused Russia of breaching its obligations under the Organisation for Security and Co-operation in Europe. Russian forces yesterday appeared to be preparing a renewed attack on Grozny, the besieged Chechen capital which the Russian military has failed to completely subdue after a month of fighting. The Interfax news agency reported that a column of Russian armoured vehicles was yesterday approaching from the west. *Chrystia Freeland, Moscow*

Brussels gives pensions warning

The European Commission intends to take action against any EU member state which places unreasonable restrictions on pension scheme investments, a European Commission official said yesterday. This comes despite the failure in December of member states to agree on a proposed directive liberalising pension scheme investment. The directive would have barred countries from insisting that assets be disproportionately invested domestically or in certain asset classes. At a seminar on European pensions yesterday, organised by the Federal Trust, Mr Ron Golby, adviser to the Commission, said: "The Commission simply cannot tolerate any barriers to investment or to the provision of fund management services in this sector. The Commission intends to monitor any restrictions that are applied by individual member states and will not hesitate to take action." *Norma Cohen, London*

Merger plea to EU arms sector

Europe's arms industry will disappear in 10 to 20 years unless it responds to the concentration of the US defence industry, Mr Henri Conze, head of the French arms procurement agency, said yesterday. The wave of mergers and cost-cutting in the US was producing giant companies such as Lockheed Martin, while smaller European companies working in single national markets were finding it increasingly difficult to compete. Speaking in London, Mr Conze said governments and industry had to cut the burden of weapons programmes. Governments would have to co-operate on arms procurement programmes, and learn the lessons of previous collaborative efforts, he said. France has established its joint weapons procurement agency with Germany, although progress was likely to be slow. Britain and France had discussed closer defence co-operation in their recent summit at Chartres. However, he warned that concerns about national sovereignty ran deep and would not be overcome easily. *Bernard Gray, Defence Correspondent*

Santer firm on commissioners

Mr Jacques Santer, president-elect of the European Commission, has told senior colleagues that he does not intend to budge on the choice of commissioners or on the portfolios he has allocated despite the criticism by European parliamentarians of five of the 20 nominees to the new Commission. But Ms Pauline Green, head of the Socialist group, the largest political bloc in the European parliament, said that unless Mr Santer responded, "it would be extremely difficult for the Socialist group to approve the Commission". Mr Santer and MEPs are due to hold meetings ahead of the final vote in Strasbourg on Wednesday. The five nominees criticised for their performance during confirmation hearings last week were: Mr Yves-Thibault De Silguy of France, economics and monetary policy; Ms Ritt Bjerregaard of Denmark, environment; Ms Anita Gradin of Sweden, justice and immigration; Mr Erkki Liikanen of Finland, budget and personnel; and Ireland's Mr Padraig Flynn, who faces demands to be stripped of his equality portfolio. *Caroline Southey, Brussels*

Papandreou loans row deepens

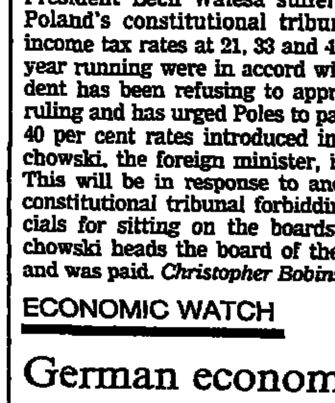
Greece's socialist government yesterday accused the Greek media of "trying to stir up scandal" over interest-free loans prime minister Mr Andreas Papandreou accepted last year to buy a Dr170m ($700,000) house in a fashionable Athens suburb, which is now being luxuriously refurbished. Mr Papandreou borrowed a total of Dr90m interest-free from five friends, including three members of his cabinet. Foreign minister Carolos Papoulias came up with Dr10m, while Mr Antonis Livanis, a deputy minister without portfolio, contributed Dr30m and Mr Giorgos Katsifaras, shipping minister, another Dr20m. One official said Mr Papandreou was "simply following the normal Greek practice" of financing property purchases by borrowing from friends or family to avoid high interest. Newspapers noted that the ministers' loans appeared generous compared with stated annual incomes. *Kerin Hope, Athens*

Walesa defeated on tax laws

President Lech Walesa suffered a defeat yesterday when Poland's constitutional tribunal ruled that laws keeping income tax rates at 21, 33 and 45 per cent in 1995 for a second year running were in accord with the constitution. The president has been refusing to approve the tax laws pending the ruling and has urged Poles to pay taxes according to 20, 30 and 40 per cent rates introduced in 1992. Today Mr Andrzej Olechowski, the foreign minister, is due to say if he will resign. This will be in response to another ruling yesterday by the constitutional tribunal forbidding the payment of public officials for sitting on the boards of state companies. Mr Olechowski heads the board of the state-owned Bank Handlowy and was paid. *Christopher Bobinski, Warsaw*

ECONOMIC WATCH

German economy grows 2.8%



The German economy confounded the pessimists last year and grew by 2.8 per cent, more than making up the ground lost in 1993 and laying the basis for faster growth in 1995. Exports and construction provided the main impulses, with private consumption picking up slightly. Germans saved less in order to keep up their spending. Western Germany, accounting for 90 per cent of the country's gross domestic product, produced economic growth of 2.3 per cent, while the fast reviving eastern states expanded by 8.9 per cent, the federal statistics office said. The figures are adjusted for inflation. Mr Hans Günther Merk, the office's president, held out the hope of GDP growth of 3 per cent this year. "There is much to suggest that growth has still not reached its high point," he said. Mr Günter Rexrodt, the economics minister, said the economic outlook was favourable. The labour market was starting to improve and industrial investment should pick up this year – in 1994 new equipment spending was 0.6 per cent lower after a 14 per cent slide in 1993. Exports gained 6.8 per cent after a drop of 6.2 per cent in 1993. Construction spending was 7.4 per cent higher after a 2.8 per cent rise in 1993. Private consumption, the largest component of GDP, grew by 1.3 per cent against 0.5 per cent in 1993. *Andrew Fisher, Frankfurt*

NEWS: INTERNATIONAL

Fallout from peso collapse in Mexico hits Asia

HK interest rates rise to defend dollar

By Simon Holberton in Hong Kong

Hong Kong monetary authorities were forced yesterday to defend the Hong Kong dollar by engineering a rise in short-term interest rates, as investors' disenchantment with Asian currencies hit the colony's dollar.

Asian currencies have been recently caught in the crossfire generated by the collapse of Mexico's peso. Monetary authorities in Thailand and Indonesia have been forced to defend their currencies with higher interest rates and deny speculation about imminent devaluations.

Yesterday it was Hong Kong's turn. The Hong Kong Monetary Authority (HKMA) withdrew HK$5.58bn (£463m) of liquidity from the colony's banking system in the morning in a move which led banks to bid up the Hong Kong interbank offered rate (Hibor).

By the close of trading overnight rates had firmed to 5.5 per cent from 4.25 per cent on Wednesday. Longer-term rates also rose, with six month money ending at 7 per cent from 5.75 per cent. The money market operation had the desired effect. The Hong Kong dollar ended the day at HK$7.77 to the US dollar and in early London trading it had firmed to HK$7.75.

But higher interest rates could not have come at a worse time for the colony's stock and property markets. Local investors were expecting the next rise to follow actions by the US Federal Reserve, not to arise from a need to defend the Hong Kong dollar.

It is unclear whether banks will regard recent currency instability as temporary and absorb higher borrowing costs, or view it as longer-lived and pass higher funding costs on to customers.

The Hong Kong dollar was pegged to the dollar in October 1983 at an indicative rate of HK$7.8 to the dollar. In practice the authorities allow limited movement either side of this central rate. There were reports in the market that the HKMA had also bought Hong Kong dollars; it manages foreign reserves of about US$40bn.

An official with the authority refused to comment on intervention but said: "We are fully committed to maintaining the stability of the exchange rate and the peg. We have the resources to do so."

Throughout last year the Hong Kong dollar was never weaker than HK$7.73 but since

Thailand and Indonesia have denied speculation about devaluation

the beginning of the year it has been under pressure. Foreign investors have been aggressive sellers of the local stock market on the back of fears about the colony's property market and the prospect of higher interest rates.

Small movements in the Hong Kong dollar rate disguise large movements of money. Mr Chris Pavlou, treasurer at Hongkong Bank, said yesterday had been one of the biggest trading days in three or four years with investors switching into dollars.

"The whole thing is nonsense," he said. "How can you compare Hong Kong with Mexico?"

In Thailand short-term interest rates rose sharply, with one month rates leaping 4 percentage points to 13 per cent. In Indonesia's offshore money market, rates rose 2 points to 17.75 per cent.

London backs trade delegation visit to Iraq

By Jimmy Burns in London and Michael Littlejohns at the UN

British companies are preparing to visit Iraq with government backing next month in spite of the UK's support for the continuance of sanctions against President Saddam Hussein's regime as favoured by Washington.

The US yesterday firmly rebuffed French attempts to ease sanctions against Iraq, as the United Nations Security Council conducted its first periodic review of the embargo since Paris broke ranks.

The planned UK trade delegation is the second to be organised in considerable secrecy by a commercial lobby group called the Iraqi British Interests Group, which claims a growing membership and the support of Conservative members of parliament.

It also follows a strong presence in November of British companies at a little-publicised exhibition – billed as covering humanitarian aid – at the Baghdad trade fair centre, which had the blessing of the United Nations sanctions committee.

The latest delegation, scheduled for February 15, covers the water treatment, engineering, construction, transport, and pharmaceutical sectors. They include Thames Water International, Amersham International, Leyland Trucks, RB International, Angus Fires, Quest International, Metito UK, and United Projects – a trading company that before the Iraqi invasion of Kuwait was exporting up to £15m of goods a year to Iraq.

Mr Edmund Sykes, a spokesman for the delegation, said last night: "We are aware that the the Iraqis will get a propaganda advantage from our visit. But whether Saddam is there or not we want to do business."

All the companies involved have obtained communication licences from the UK's Department of Trade and Industry in consultation with the UN sanctions committee.

This strictly limits company representatives to hold discussions with senior Iraqi officials and ministers on some contracts interrupted as a result of the Gulf war. However, British companies want to secure more business against what they see as the growing presence in the area of French and other European competitors.

The Iraqi British Interests Group is lobbying for the lifting of Iraqi assets frozen by British banks to allow for the resumption of trade financing.

According to Bank of England officials, total Iraqi assets in British banks currently stand at $784m (£502m) – a third in sterling, the rest in foreign currency – compared to an estimated $1.1bn at the time of the invasion of Kuwait. Over the past four years assets have been released for the repayment of debts to British companies and to finance the export of some food and medicine.

The Foreign Office said last night there was no plan to relax sanctions, although an official recognised that the DTI was coming under increasing pressure from UK companies. The DTI insisted that it was abiding by UN resolutions.

At the UN Ms Madeleine Albright, the US delegate, charged that sanctions resolutions were being violated by the sale of Iraqi oil through Iran for as little as $5 a barrel. This was being done despite the fact that Baghdad had repeatedly rejected the Security Council's offer to permit sales of up to $1.6bn worth of oil to meet humanitarian and other needs. That would enable Iraq to receive $8 or $9 a barrel, Ms Albright said.

In her remarks to the closed-doors session, the text of which was made public, she insisted on a reaffirmation of the ban that went into effect shortly after the invasion of Kuwait in August 1990.

Because the US has veto power, no change in the sanctions regime is likely without its acquiescence.

Like France, Russia favours lifting sanctions – in hopes of obtaining payment of Iraq's debt of several billion dollars – but with severe problems nearer home Moscow has been less strident recently than Paris in pursuing that goal.

Mr Tariq Aziz, the Iraqi deputy foreign minister, visited Paris last week, the first top Iraqi to be received in a western capital since the Gulf war. He went on to New York to lobby Council members. He said the US and Britain were taking positions that were neither legal nor fair.

Japan unveils joint-venture FSX fighter prototype

Japan yesterday unveiled the prototype of its next support fighter, code-named the FSX, seven years after it began development, writes Gerard Baker in Tokyo.

The aircraft, a joint project with the US, is modelled on the F16 fighter made by General Dynamics of the US. It is intended to replace the home-grown F1 currently used by the Air Self Defence Force. The aircraft – 11 metres wide, 16 metres long and 5 metres high – incorporates new radar technology and high-strength carbon materials in the bodywork, which are designed to give it increased manoeuvrability.

Development costs have risen sharply since the initial forecast of Y165bn in 1985 to a current Y327bn (£2.1bn), shared 60 per cent by Japan and 40 per cent by the US. Mitsubishi Heavy Industries, the principal Japanese contractor, says it plans to produce a total of six prototypes, test flights of which are expected to begin this summer. It is intended to be in operational service by 1999.

Above: Shinto priests pray during the unveiling ceremony Picture AP

Pakistan bank chairman arrested

By Farhan Bokhari in Islamabad

Mr Khalid Latif, chairman of Allied Bank, Pakistan's second largest private sector bank, has been arrested on charges of fraud.

He is being held by the Federal Investigation Agency, a government organisation responsible for investigating serious criminal charges. The bank yesterday elected Mr Shaukat Kazmi to replace him, in order to prevent uncertainty among clients and the bank's almost 8,000 staff members employed at 800 branches across this country.

Allied Bank was privatised in early 1991 when Mr Nawaz Sharif was prime minister. Up to 25 per cent of the bank's shares were sold to employees and the management was transferred to a board of directors nominated by representatives of the staff.

Mr Latif was first appointed a director before being elected chairman and chief executive.

Mr Latif is accused of using money from the bank, such as provident fund deposits and portions of the salaries of staff members, to acquire a further 26 per cent stake in August 1993, in violation of the terms of the agreement of sale. In the months before his arrest on Wednesday, Mr Latif denied allegations of wrongdoing, at times suggesting they were politically motivated because he was seen by the government to be close to Mr Sharif.

However, Mr Naseerullah Babar, Pakistan's interior minister, last night defended the arrest and denied that the charges were politically motivated. He said in an interview: "He is not a politician, why should we victimise him?" He maintained that the arrest followed a year-long investigation.

Concerns ran high yesterday in business that the arrest might affect confidence among investors.

Mr Latif is the third banker in the past year to be arrested on charges of fraud. Officials said last night they were investigating at least one other senior banker. Allied Bank is among the few examples of successful privatisation efforts in Pakistan.

During the first three years of its privatisation, Allied Bank's deposits almost doubled to PRs38bn (£814m). That is in stark contrast to the performance of Habib Bank, United Bank and National Bank, Pakistan's three large public-sector banks, which continue to reel under the pressure of extensive bad debts, overstaffing and inefficient client services.

OECD backs health services market

By Andrew Adonis, Public Policy Editor

Developed countries have considerable scope for improving the efficiency of their spending on health services, particularly through greater reliance on market mechanisms, the Organisation for Economic Co-operation and Development says.

A discussion paper published by the Paris-based organisation urges governments to promote greater competition in health provision and to separate purchasers and providers of health services where possible.

The OECD finds only a "very weak association" between overall health spending and indicators of "health outcomes" across its 25 member states.

Drawing in particular on reforms pioneered in the UK, New Zealand, Norway, Sweden and the Netherlands, the OECD suggests market-oriented reforms are "a key to improving efficiency".

But it notes administrative costs tend to be lower in countries such as the UK and Canada which finance and provide most health care in the public sector or through "single-payer" systems, while costs are highest in insurance-based systems such as the US, Germany and France.

Spending on health services was found to vary greatly (between 6.9 per cent of GDP in Japan and 14 per cent in the US in 1992). Denmark spends about $1,400 (£875) per head while France provides more than $2,400.

Efforts have been made to cap health spending across the developed world, particularly within the public sector. However, the OECD says "these measures have often been limited to the hospital sector, and pressures have spilled over into less-controlled areas" such as community care.

The OECD believes market incentives could reduce the cost of provision for the frail elderly, one of the fastest growing health sectors. In Denmark and Sweden, for instance, municipalities have been made financially responsible for much non-acute hospital care, as an incentive for them to provide cheaper alternatives.

Health Care Reform, OECD Economics Working Paper No. 149. OECD, 2 rue André Pascal, 75775 Paris Cedex 16, France

Currency woes strand Nigeria air passengers

By Paul Adams in Lagos

Nigeria Airways is leasing a Boeing 747 to end a five-day period without flights on its scheduled daily service between Lagos and London, a gap which illustrates the operating problems faced by a carrier with insufficient access to hard currency.

The airline's Airbus A-310 is grounded at London Heathrow airport with engine faults, leaving Nigeria Airways' passengers in London stranded and passengers in Lagos without their luggage, which was checked in on Sunday although there was no flight.

"These are routine operational problems, every airline has them," said Nigeria Airways in Lagos. "We are arranging for an engine change to be done in London."

The state-owned airline broadcast an apology in Nigeria yesterday, explaining that the delays were due its "strict safety regulations".

Two of the airline's other international passenger aircraft are known to be out of service.

One is on the apron at Lagos airport in need of expensive repairs, according to an aviation expert. Another recently made an emergency landing at Algiers airport, where it is grounded until the engine is changed.

Last month a Nigeria Airways Boeing 707 carrying freight back from Jeddah crashed in northern Nigeria. Two crew members died.

Parastatals in Nigeria are suffering from a shortage of foreign exchange. Most of the airlines' costs are in foreign currency but it is the only international airline which sells an unlimited quota of tickets in naira, which is not a convertible currency.

Last year a Nigeria Airways aircraft was impounded at Dakar in Senegal for non-payment of landing dues.

The Nigeria Airways Airbus now at Heathrow had to delay its take-off for engine repairs until Wednesday, but another engine fault was discovered in mid-air and the aircraft was forced to turn around and land at Heathrow, according to an airline official.

Passengers stranded in London, mostly Nigerians, complain that they have been left without compensation for their extra expenses.

Those in Lagos checked in their luggage for the London flight, received their boarding passes, then were told that there was no flight and they should report back the next day.

On Wednesday a passenger who could wait no longer bought a ticket for London with British Airways and complained that there were no Nigeria Airways staff on duty at Lagos international airport to release her luggage.

INTERNATIONAL NEWS DIGEST

India, US tighten their defence ties

India and the US yesterday signed an agreement to widen co-operation on defence and security matters, enhancing a bilateral relationship which has seen a marked improvement in the post-cold war era. The draft agreement was signed by Mr M Mallikarjun, Indian minister of state for defence, and Mr William Perry, US defence secretary, during Mr Perry's two-day visit to New Delhi. The defence co-operation will include closer ties in civil defence, between the uniformed services, and in defence manufacture and research.

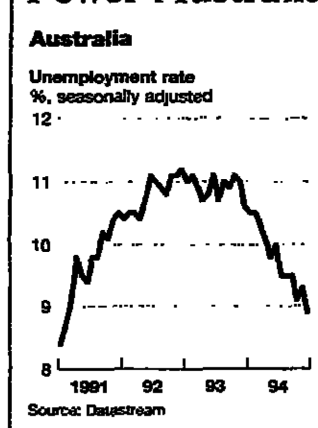
Senior civilian officials from Mr Perry's office and the Indian Defence Ministry and other agencies from each side will form a joint policy group, which is scheduled to hold its first meeting in the spring. A joint technical group will also meet in the spring to discuss further co-operation in defence research and production, following successful co-operation on India's light combat aircraft programme, which will continue. *Shiraz Sidhva, New Delhi*

Malaysian derivatives warning

Bank Negara, Malaysia's central bank, has told local banks to offer derivative products only to customers who have an underlying commercial interest to hedge. Activities in the derivative market must also be monitored closely by directors, it said in new guidelines. Bankers said the guidelines were established ahead of the expected launch of a financial futures market in Malaysia later this year.

Losses incurred by some companies in the derivatives market should not overshadow the use of such instruments as tools for managing risks, Bank Negara said. The bank said it would usually consider granting permission for banks to engage in derivatives trading involving only interest rates and currencies, but approval for trading equity-linked would be on a case-by-case basis. *Peter Montagnon, Asia Editor*

Fewer Australians out of work



Australia's unemployment rate fell sharply in December, from 9.3 per cent in the previous month to 8.9 per cent, on a seasonally adjusted basis. It is the first time the figure has dropped below the 9 per cent mark for almost four years.

Most economists had expected the unemployment rate to remain unchanged, and the substantially better result will provide a political boost for the federal government in a potential election year. While the Australian economy generally has been surging forward at uncomfortably high rates, an improvement in unemployment has been slow to occur.

Nevertheless, economists noted that the December pick-up was solely due to a sharp increase in part-time jobs. The participation rate – the proportion of people either in the workforce or looking for jobs – was steady. In 1994 overall, Australia added 280,000 jobs, of which 135,000 were full-time positions and the remainder, part-time. Because of the make-up of the jobs improvement, it was thought unlikely that the December data would have any influence on monetary policy. *Nikki Tait, Sydney*

Japanese call for pay freeze

Japan's annual wage round yesterday got off to a tough start, when the leading employers' group called for a pay freeze, in response to trade unions' demands for a 5 per cent rise. The Nikkeiren employers' federation recommended that its members not raise wages on the grounds that it would help to stem the exodus of production capacity out of Japan, which has among the highest wage costs in the world.

It is unlikely that the Nikkeiren's recommendation will result in a wage freeze when negotiations with unions are completed in the spring. The Nikkeiren has called for a freeze for each of the past three years. Average salaries have risen each time. *William Dawkins, Tokyo*

Plan for Israeli budget cuts

Israel's cabinet will be asked on Sunday to approve a Shk720m (£154m) budget cut to finance reductions in personal income tax and in the health tax paid by employers. This represents a cut of 0.06 per cent of the budget passed as recently as November. Mr Avraham Shohat, finance minister, said 90 per cent of wage-earners would take home more pay.

The measures are designed to console workers for the increase in their monthly insurance payments under a new national health scheme, which came into force on January 1, and to reduce labour costs, thus increasing profitability of businesses and avoiding a devaluation.

Mr Dan Propper, president of the Israeli Manufacturers' Association, yesterday congratulated Mr Shohat on the direction of his measures, but dismissed them as "inadequate" to compensate for the deterioration in export profitability. *Eric Silver, Jerusalem*

Loan for China approved

The Asian Development Bank has approved a $100m loan for China to help create thousands of jobs in seven poor provinces. The Manila-based bank said yesterday the loan would be used by the Agriculture Bank of China to provide credit to finance 60 investments in town enterprises. "By providing gainful employment in the countryside, the project will create alternatives to migration to overcrowded cities," it said, adding that 34,000 permanent jobs and 70,000 part-time jobs would be created by the projects. *Reuter, Manila*

Beijing commuters take cover

About half of China's 200,000 regular commuters on Beijing's underground railway have purchased safety insurance following several fatal accidents on the crowded system. In a pilot project, holders of monthly tickets can buy the insurance provided by the People's Insurance Company of China by paying an additional one yuan (8p) on top of the Yn18 cost of the ticket, Beijing Subway said. *Reuter, Beijing*

Countries slow to ratify chemical arms pact

A convention due to come into force today has been backed by only 19 nations, writes **Bernard Gray**

The chemical weapons convention, designed to outlaw such horrific substances as nerve gases, mustard gas and the blistering agent phosgene, could have come into force today. It will not, because two years after the treaty was signed, not enough countries have ratified it.

A total of 65 countries have to complete the process before the treaty can come into force; only 19 have yet done so. Among the laggards are the US, Russia, Britain and France. This is despite the fact that Britain and the US were keen advocates of the CWC, seeing it as a way of preventing weapons of mass destruction proliferating among developing countries. Chemical weapons are regarded in many quarters as a cheap alternative to the nuclear bomb.

In the US, the Clinton administration has strongly backed the CWC and has the support of such organisations as the Central Intelligence Agency. However, the treaty was not sent to the Senate in time for it to be ratified before the congressional elections, and the shift to the Republicans has cast doubt on the treaty's future.

That is particularly so as the hawkish Senator Jesse Helms has taken over as chairman of the senate foreign relations committee. Conservatives in the US are arguing that the treaty's verification procedures will be intrusive to US industry and expensive to police.

Mr Frank Gaffney, a former Defence Department official in the Reagan administration, has also said it will be impossible to verify whether countries are complying with the treaty. Chemical weapons plants use relatively simple raw materials and can be quite compact. They are therefore much easier to hide than comparable nuclear facilities.

Some advocates of the treaty acknowledge the difficulties but argue that it is a useful measure to prevent proliferation which would give the force of international law to ban the use of chemical weapons.

"If you look at a large economy such as the US, it would be almost impossible to be sure that chemical weapons were not being produced somewhere," agrees Dr Julian Perry Robinson of Sussex University in the UK. "However, in smaller developing economies it is easier to check and, on balance, the CWC does help prevent proliferation."

Those who have not yet ratified the treaty may now wait to see how the wind is blowing in the US before doing so. Smaller countries, who are in the majority of those who have so far ratified the treaty, fear being saddled with the high cost of policing the convention without the US.

In the UK the treaty will not be ratified for at least a year because space has not yet been created in the parliamentary timetable. Yet the government insists that the convention will be ratified as soon as time allows.

NEWS: THE AMERICAS

Mexico to revamp power sell-off plan

By Ted Bardacke in Mexico City

The Mexican government, beset by financial crisis, has backed away from plans to privatise the country's electricity generating plants, saying it will attempt to sell securities backed by the plants' future revenues instead.

Mr Rogelio Gasca Neri, director of the Federal Electricity Commission (CFE), the state-owned electricity company, *said securitising the expected* revenues, rather than selling off assets, would provide a quicker and more efficient way to raise the money which the government needed.

"From a financial point of view, there are a lot of risks involved in operating an electricity plant in Mexico. An administrative risk with the unions, the risk of having fuel delivered on time, the risk of whether the CFE will always buy the power generated and at what price, the risk of [the state oil monopoly] Pemex arbitrarily raising prices...," said Mr Gasca.

"The best way to obtain funds of an asset that is subject to all these risks is for those who can best manage those risks, in this case the government and the CFE, to keep the assets," said Mr Gasca. "The law allows me to sell the plant and pass all these risks on to a private operator, but the potential investor is *going to ask for such a large* discount on these risks that I wouldn't get the money I need."

He said Salomon Brothers, the New York brokerage, was designing the securities. Mr Gasca did not know whether they would be denominated in dollars or in pesos, or what the potential interest rate would be, but said the CFE would try to bring the first batch to market in about three months.

The CFE hopes to raise at least the \$3bn (£1.9bn) necessary for its six-year investment plan in distribution and transformation capacity. Government officials say that, if the securitisation succeeded, they expected to raise \$8bn to \$14bn over the next 18 months by this method.

The government hopes that international investors, who are bearish about Mexico following the financial crisis triggered by the devaluation last month and the consequent *steep falls in the stock market*, will be ready to buy Mexican securities in the near future. The government is also assuming investors will accept another shift in privatisation policy.

The CFE still planned to let private investors build, operate and own new electricity plants, Mr Gasca said. Removing operational bottlenecks and reducing the risk of these projects would take time, he conceded.

Miracle or mirage, Page 13

Markets test Canadian resolve

A weakening currency plays havoc with budget plans, writes **Bernard Simon**

Mr *Paul Martin*, Canada's finance minister, is in a bind. With less than two months to go before one of the most crucial budgets in recent Canadian history, the Liberal government's ability to keep financial markets on an even keel is being severely tested.

The most visible sign of the pressures on Mr Martin is a steady decline in the Canadian dollar since the US Federal Reserve raised short-term interest rates in mid-November. The Canadian currency *has sunk from more than 74* US cents in late September to a nine-year low yesterday of less than 70.5 cents.

The Bank of Canada was at first happy to see the currency take the strain, rather than follow in the Fed's footsteps with a sharp rise in domestic interest rates.

Inflationary pressures are weaker north of the border. Canada's consumer price index edged down by 0.1 per cent in the 12 months to November, compared with a 2.7 per cent rise in the US. Canadian industry has more spare capacity, and many unionised workers are locked into long-term contracts with little or no wage increase in prospect. Canada's unemployment rate is 9.6 per cent, compared with 5.4 per cent in the US.

However, this has not been *enough to convince markets of* the Bank of Canada's ability to pursue an independent monetary policy. The central bank has been forced to come to the dollar's rescue twice this week by lifting short-term interest rates. Commercial banks will raise their prime lending rate today to 8.5 per cent. Bond *prices have also tumbled to the* point where the long-term government bond yield of almost 9.5 per cent is among the highest in the world in real terms.

The Bank of Canada's impressive efforts to wrestle inflation to the ground have been overshadowed by the decidedly unimpressive fiscal record of the federal government and the 10 provinces. The financial crisis in Mexico has focused attention on countries, Canada among them, which rely heavily on foreigners to finance their deficits.

Ottawa's debt has soared from C\$25bn (£11.3bn) in the mid-1970s to about C\$530bn. Even before the recent rise in *interest rates, debt-servicing* charges were expected to consume 35.6 per cent of revenues in the fiscal year to March 31 1995, up from 32.7 per cent the previous year.

The impact of higher short-term rates is made worse by the fact that the public debt is tilted towards securities *with maturities of less than a* year. According to the finance department, each 1 percentage point rise in interest rates pushes up debt-service charges by C\$1.7bn in the first year, compounding to C\$3.5bn in the fourth year.

The unexpectedly heavy debt-service burden has cast a shadow over Mr Martin's goal of reducing the budget deficit from about C\$39bn in the current fiscal year to C\$32.7bn in 1995/96 and about C\$25bn, or 3 per cent of gross domestic product, the following year.

The finance minister has staked his credibility – and perhaps his political career – on the 3 per cent goal. "It is a *target we will meet, come* hell or high water," he said last October. Until recently it looked as if the 3 per cent target could be reached relatively painlessly. Accelerating business activity has pushed up tax revenues, and Mr Martin took the precaution of building a large "contingency reserve" into his last budget.

Next month's budget is likely to contain an array of spending cuts. The government is also working on a rationalisation of social services, including a squeeze on transfers to the provinces, which administer health, education and some welfare programmes.

But recent events have forced Mr Martin to confront tougher choices. The surge in interest rates makes it necessary either to perform more radical surgery on the spending side, or to seek extra revenues.

Financial markets and public opinion would prefer a more aggressive approach on the spending side. A Conservative government in the prairie province of Alberta has won widespread respect for a relentless assault on public spending, aimed at balancing the provincial budget by 1996/97 without tax increases.

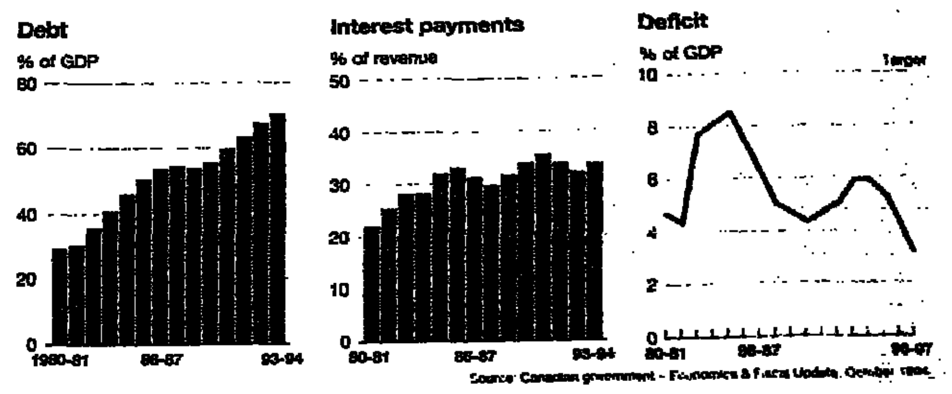
Economists point out that a deficit equal to 3 per cent of GDP may halt, but will not reverse, the growth of Canada's debt. Furthermore, they are concerned that the economic climate later in the decade may be less conducive to fiscal austerity than it is today.

The chances of Mr Martin swapping his scalpel for an axe appear slim for the time being. One Liberal economic adviser says that it would be "very dif*ficult" for the minister to con*vince the cabinet and the Liberal caucus of the need for a balanced-budget target or more painful spending cuts.

The Liberals' present course on fiscal policy closely mirrors their platform during the 1993 campaign which brought them to office. They clearly deserve credit for sticking to their campaign promises. But the recent slide in the Canadian dollar indicates that this may be one case where financial markets would prefer politicians to be less attached to their principles.

Canada: the federal government's debt burden

Finance minister Paul Martin: the chances of his swapping a scalpel for an axe appear slim for the time being



Source: Canadian government - Economics & Fiscal Update, October 1994

Argentina moves to boost peso and free liquidity

By David Pilling in Buenos Aires

Argentina's Central Bank yesterday moved to lift confidence in the peso and inject liquidity into the financial system, in an effort to minimise repercussions of the Mexican devaluation.

Three new measures came into effect:

- The bank will convert pesos into dollars, and vice versa, at par. The rate had been permitted to fall to 0.998. By eliminating exchange costs, the bank hopes to reinforce the claim of Mr Domingo Cavallo, economy minister, that Argentina is a bi-monetary system with no practical difference between the dollar and peso.
- Banks' reserve requirements on deposits can now be maintained in the currency of choice, eliminating Central Bank regulation of the *denomination of reserves. In practice*, banks are likely to shift to dollars, on which interest rates are substantially lower. Bankers say the move could slowly lead to the balancing of peso and dollar interest rates.
- Reserve requirements on dollar and peso deposit accounts will be unified (they have been stricter on peso accounts), injecting liquidity into the system so as to lower interest rates and calm fears of a banking crisis.

The measures, announced by the Central Bank president, Mr Roque Fernández, were well received by the Buenos Aires stock market. The blue-chip index closed up 10.34 per cent yesterday, building on Wednesday's recovery of nearly 5 per cent.

The moves are intended to signal that Argentina is prepared to dollarise its entire economy rather than devalue.

They are also meant to make good Mr Cavallo's promise, reiterated during a confidence-building trip to the US this week, that Argentina would "deepen" convertibility, the law which fixes the peso at par with the dollar and forbids the printing of unbacked local currency.

The lowering of reserve requirements aims to free liquidity and lower interest rates on call money, which nearly tripled to about 30 per cent after the Mexican devaluation, before edging down to about 15 per cent this week.

The liquidity squeeze has already contributed to the suspension of two Argentine banks.

Brazil bank chief calls for liberal financial markets

By Angus Foster in São Paulo

The incoming central bank president in Brazil yesterday called for the country's protected financial markets to be liberalised, and for the bank itself to be granted independence.

Mr Pêrsio Arida, a respected economist who helped to plan the new Real currency, which was introduced in Brazil last year, took office yesterday, shortly after the bank had announced it was relaxing deposit rules for export finance.

The relaxation should help Brazil's exporters and it was welcomed by bankers, who said that it would quell worries about the country's trade deficits in the final two months of last year.

***Although those deficits were small*, they were the first for nearly eight years. This has triggered criticism that the Real is overvalued against the US dollar and could, with time, leave Brazil facing the same problems as Mexico in handling a rising current account deficit.**

Mr Arida said that Brazil's financial markets, like those of banking and insurance, needed to be opened to competition, as has already happened in the country's commercial sector, so as to underpin the economy and guarantee the recent fall in inflation which followed the launch of the Real.

He also repeated his views about the need to privatise some of the 31 banks owned by the Brazilian central government and the country's various states.

Privatising state banks has become an important goal since the central government took over two state banks which faced liquidity problems late last year. Since then, the states of Minas Gerais and Ceará have announced plans to privatise their banks.

***Mr Arida called for greater independence for the Central Bank, which he said would guaran*tee the success of the Real and stable prices.**

Although the new finance minister, Mr Pedro Malan, also favours such a move, it does not appear to be a priority for President Fernando Henrique Cardoso and would probably be unpopular with Congress.

Row may stall proposed constitutional amendment

Threat to balanced budget

By Jurek Martin in Washington

Disagreements over a proposed constitutional amendment to balance the federal budget are threatening its passage by both houses of Congress.

On Wednesday night the House judiciary committee approved, on a 20-13 vote on party lines, the text of an amendment containing a controversial clause requiring a three-fifths – or "super" – majority for any future tax increases. It rejected a motion by Congressman Charles Stenholm, the conservative Democrat from Texas, eliminating the super-majority provision. Congressman Dick Armey, the House majority leader, confused matters by saying he *could "live with" the Stenholm* version, which he said would easily pass on the floor of the House, while also apparently insisting that the House vote on the committee's version of the bill.

The House has already changed its rules and now requires a super-majority for a tax increase in any revenue bill. But its incorporation into the balanced budget amendment has been criticised by moderate Republicans and Democrats for tying the fiscal hands of government.

Congressman Henry Hyde, the judiciary committee chairman, would not exclude a floor vote on the Stenholm version. But he said he wanted to go to the rules committee – the next stage before action by the full House – with the original version of the amendment intact.

The committee had voted down a series of Democratic motions. One would have excluded social security from *any spending cuts to balance* the budget, while another would have required a detailed budget cutting plan to be prepared in advance of a vote.

A motion to prevent the federal government from shifting the financial burden on to the states was also rejected. Mr Howard Dean, the Democratic governor of Vermont, heightened concern by producing a report itemising the losses in federal funds that, he said, would flow from a balanced budget amendment, with the heaviest burden falling on big states with Republican governors.

A constitutional amendment requires approval by a two-thirds majority of each chamber, before being presented for ratification to state legislatures, with three-quarters (38 states) approval needed for it to become law.

Meanwhile, the Senate yesterday began debate on the bill to eliminate the "unfunded *mandates" that have attracted* so much criticism from the states. These are rules and regulations imposed by Washington on the states but without the provision of funds for implementation.

SALEROOM

\$2.2m de' Medici sale disappoints

By Antony Thorncroft

A circular "birth tray" depicting "The Triumph of Fame", commissioned by Piero de' Medici in 1449 to celebrate the birth of his son Lorenzo, later known as the Magnificent, sold for \$2.2m (£1.4m) at Sotheby's in New York yesterday.

It was painted by Lo Scheggia, younger brother of the better known Masaccio, and was sold by the New York Historical Society, which is disposing of its Old Master collection to refinance its activities. The *price was well below target*: Sotheby's was hoping for up to \$4m. The buyer was the London dealer Rainer Zietz.

On Wednesday Christie's in New York had one of its best auctions of Old Masters for years, bringing in \$16.1m, with more than 80 per cent of the paintings sold by value. It would have been even better if the most expensive painting on offer, a view by Guardi of the Giudecca Canal in Venice, had found a buyer.

The Guardi painting was expected to make well over \$3m, but there was minimal interest in the room. It came from the collection of the Corning Glass heiress, Alice Tully, and its sale was important to Christie's, which had given her executors a guarantee in the region of \$25m for the collection. It will probably accept one of the many after-sale offers.

Another Tully painting, a Canaletto view from San Marco, just made its low estimate, selling for \$2.1m, while a flower painting by Bosschaert sailed above its estimate to \$1.43m.

NEWS: WORLD TRADE

Hermes in DM4.3bn deficit

By Michael Lindemann in Bonn

Hermes, the German export guarantee scheme, yesterday reported a deficit of DM4.3bn (\$2.76bn), its second worst, but said the insurance offered had helped the export of aircraft and telecommunications goods – products where competition is particularly tough.

Hermes guarantees were used to finance exports of *DM33.5bn, about 1 per cent less* than in 1993. That represents only around 5 per cent of total German exports last year but the economics ministry said the scheme, which was restructured last year, was particularly important to give medium-sized companies access to riskier markets in eastern Europe and developing countries which they could otherwise not afford to enter. The guarantees give German exporters insurance against political and exchange rate risks and risk of non-payment.

Around DM2.5bn is still spent to assist east German companies with exports to the former Soviet Union, where trade before 1989 is estimated to have been worth DM30bn. East German exports have shrunk since and many companies still need preferential treatment before they can find alternative export markets.

The Hamburg-based agency spent DM7.5bn last year but had premium income of only DM3.2bn, representing a loss slightly lower than last year's record deficit of DM5.1bn. The former Soviet Union accounted for around DM4.2bn of the expenditures.

Excavator row unearths new dangers

Andrew Baxter and **John Burton** on EU anti-dumping moves against S Korea

A decade after the European construction equipment industry won anti-dumping duties against imported Japanese excavators, the South Koreans have become the next target.

After two years of speculation and discussion, a powerful group of European excavator manufacturers has filed a complaint to the European Commission, which is expected to discuss the case next week.

It looks as if politics will accelerate another round of changes in the European construction equipment sector.

Already, there are signs that the Europeans may be digging a hole for themselves. Over recent months, the likelihood of a complaint has prompted the Koreans to speed up plans to manufacture in Europe – thus exacerbating the European industry's manufacturing overcapacity.

The complaint from the Committee for European Construction Equipment cites virtually the entire Korean excavator industry – dominated by Samsung, Hyundai and Daewoo. It has broad backing from European producers, which have been concerned for some time about cut-price imports of Korean equipment.

If the Commission accepts the Europeans' plea for an investigation, provisional anti-dumping duties on Korean excavators over 6 tonnes could follow within a maximum of nine months, to be confirmed or dropped after a further six months.

The situation is being closely watched by big contractors and plant hirers, some of which strongly criticised the imposition of anti-dumping duties on Japanese excavators in 1985.

Users disputed the European equipment industry's figures on pricing, and resented losing supplies of some of their favourite Japanese machines – although some Japanese producers responded by setting up production plants in Europe.

The Koreans are not quite in the same league, with 5 to 7 per cent of the European crawler excavator market against the 20-plus per cent held by the Japanese in the mid-1980s. The Korean machines are not "state of the art", but are well built and good value. "It's like a Ford Mondeo compared with a Mercedes," says one industry observer, "not everyone wants a Mercedes."

But the merits of the case look to be just as controversial. One industry source claims the Koreans have been selling their equipment at much lower prices in Europe than in their home market, and says an independent investigation would show they should put up their prices in Europe by 20-25 per cent.

There is even a rumour that the Korean companies approached the Japanese for advice – and were told their best option was to raise European prices by 25 per cent.

Although the market share is small, the Koreans' low prices "mean that everybody has to reduce their prices too" – by about *10 per cent*, says the source.

One analyst with a UK *securities firm in Seoul says*: "There is no question in my mind that the Koreans have been dumping their products in Europe.

"The Koreans' only competitive advantage in breaking into new markets is price, since the US and Japanese producers offer superior goods in terms of product quality. But the EU may still have a hard case to prove that the price-cutting has been detrimental to local producers."

An official at one leading Korean manufacturer acknowledged his company was losing money on sales of excavators in Europe. Although the European selling price was above manufacturing cost, it still failed to cover operating costs.

But the Korean producers vigorously deny dumping. An official at Belgium-based Euro Daewoo, at present the only Korean excavator factory in Europe, says: "There is no dumping. Don't forget that all manufacturers, including the Europeans, have list prices and real prices."

And Mr Yahng Mun Seok, a senior manager at Rotterdam-based Hyundai Construction Equipment Europe, says his dealers often complain that they cannot sell Hyundai machines because they were being undercut by a European rival.

Whatever happens to the anti-dumping complaint, though, it looks as if the industry is moving into new territory. The Koreans have so far been extremely cautious about producing machines in Europe.

The recent recession in the *European market has been one* delaying factor, but domestic

The complaint may leave European excavator suppliers facing a strengthened competitor

factors have also been important. After a construction boom in the late 1980s, South Korea decided in 1991 to curb construction activity in an attempt to reduce inflationary pressure.

That left construction equipment manufacturers with a production glut and large inventories. The result was a price war in the domestic market. The producers, which are heavily dependent on domestic orders, started increasing overseas sales, thus boosting production capacity at home.

But Euro Daewoo is now expanding. It is almost doubling planned production this year to 380 units and adding further models.

This week, the regional government of Flanders announced that Hyundai is to set up an excavator plant at Geel and may consider a second plant. It is the first Hyundai excavator plant outside Korea, and later this year will begin producing at an annual rate of 300 to 400 machines. But its maximum capacity *will* be 1,500 units.

Mr Yahng sees a clear con*nection with the threat of anti*-dumping duties. "We must have a manufacturing base in Europe, so that we can market our products without any problems," he says.

Mr Cho Ki-jeh, managing director of the construction equipment division at Samsung Heavy Industries, acknowledged that his company, too, had been considering opening a European plant because of "possible anti-dumping charges from European manufacturers".

Samsung has looked at a number of locations in the UK, along with Belgium and other countries.

European component manufacturers would eventually benefit from an acceleration of Korean plans to produce in Europe. There is a big pay-off, too, for towns such as Geel in attracting a foreign excavator maker, both for employment and prestige.

But the anti-dumping complaint may leave European excavator suppliers facing, rather sooner than otherwise, a competitor strengthened by working from within Europe – which is the last thing the European producers need.

Total to pull out of Cuban oil exploration

By Pascal Fletcher in Havana

France's Total, the first foreign oil company to sign a risk exploration agreement with Cuba's communist government in 1990, is halting its exploration work on the island after failing to make any viable oil discoveries.

Mr Bernard Sudreau, general manager of Total Exploration Cuba, said Total was relinquishing an offshore block, where it had drilled two unsuccessful wells, and was withdrawing from *another* onshore block in which it had a share.

"We were expecting a good quality oil. We didn't find it. It was a purely industrial decision, not a political one," Mr Sudreau said. But he cited the US trade embargo against *Cuba as a factor that* had increased operation costs.

Cuba started allowing foreign companies to explore for oil after the collapse of oil supplies from the former Soviet Union caused an energy crisis.

Exploration by other French, Canadian, British and Swedish companies is continuing although no significant finds of good quality oil have been reported so far.

Cuba's small domestic oil output reached 1.3m tonnes in 1994, consisting *mostly* of heavy crude with a high sulphur content.

In the most recent exploration contract signed at the end of November, British Borneo was awarded exploration rights in block 11, an onshore area straddling parts of the provinces of Matanzas, Villa *Clara and* Cienfuegos.

- Cuba, currently shipping sugar to Russia to complete an unfinished 1994 sugar-for-oil trade, according to Cuban trade officials, will seek to come to a similar agreement for this year.

"There is tacit agreement to *complete last year's accord* and this is being carried out," Mr Felix Loaces, director of trade policy at Cuba's Foreign Trade Ministry, said. "There is interest on both sides to sign another accord for 1995."

There had been speculation about the future of Cuba's sugar-for-oil trade with Russia because of a slump in Cuba's sugar production caused by shortages of fuel and other harvest inputs and falling sugar cane cultivation.

Mr Loaces said he was aware of reports Russia was seeking between 1m and 1.5m tonnes of sugar this year but did not say how much sugar Cuba was prepared to offer. "It's no secret our sugar production has not recovered yet," he said.

The unfinished 1994 accord, now being completed, was for 2.5m tonnes of Russian oil in exchange for around 1m tonnes of Cuban sugar.

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Luxembourg judge speaks of 'manipulations'

By Jim Kelly, Accountancy Correspondent

A Luxembourg court yesterday unexpectedly postponed a long-awaited judgment which would have cleared the way for an agreement to pay creditors of the collapsed Bank of Credit and Commerce International.

Judge Maryse Welter said: "The decision has been postponed to January 19. There have been manipulations." She refused to elaborate but said that she had received a letter from the court-appointed Luxembourg liquidator outlining "difficulties".

The court was expected to sanction the agreement, which is based on a payment of $1.8bn from the government of Abu Dhabi, the principal shareholder. The court had also been expected to announce approval of a separate $425m settlement between BCCI's liquidators at Touche Ross, the accountancy firm, and National Commercial Bank of Saudi Arabia.

The court refused to discuss the letter it had received from the liquidator on January 11. However, a copy obtained by the Financial Times shows that the District Attorney of New York, who has carried out his own investigation into the BCCI scandal, had refused for undisclosed reasons to release certain frozen assets in the US. The letter referred to the out-of-court agreement in which NCB, its former chief operating officer Sheikh Khalid bin Mahfouz and a Pakistani banker, Haroon Kahlon, settled the issues in their litigation with liquidators at Touche Ross.

A further letter sent to the court by the Luxembourg liquidator on January 6 contains the allegation that Mr David Sandy, a lawyer with the firm of Simmons & Simmons in London, wiped or made unreadable computer discs containing parts of a diary found during the BCCI investigations in 1992.

The diary was kept by Mr Zafar Iqbal, head of the United Arab Emirates branch of BCCI, who was jailed in June last year for six years for his part in the collapse of the bank.

It is understood that Mr Sandy may have removed some information from the discs because they were held in an insecure office in Abu Dhabi. He made copies of the information on the discs which were included in evidence passed to the US authorities.

Simmons & Simmons, a top London firm, said: "This is a complex matter which goes back to 1992 and the information is confidential."

William Waldegrave, agriculture minister, discussed exports of calves yesterday with animal welfare activists including Joyce D'Silva, a director of Compassion in World Farming. Activists deplored Mr Waldegrave's refusal to back calls for a ban on the export of veal calves to mainland Europe. He told them he had received legal advice that Britain could not ban the trade under the Treaty of Rome. He called on animal welfare groups to work to strengthen European Union law. "I shall depend heavily on our welfare organisations working for change in public opinion on the continent," he said, adding that he would write to the European Commission about Britain's opposition to the rearing of veal calves in crates.

More disclosure urged on pay

By William Lewis

The Institute of Directors wants companies to disclose far more details to shareholders about directors' pay and give justifications for large salary increases.

But it has backed away from supporting the idea that companies should be required to seek specific shareholder approval at annual meetings for changes to directors' pay.

Such a measure would require a change in company law and Mr Tim Melville-Ross, the IoD's director-general, said yesterday shareholders already had sufficient powers to take action over directors' pay.

"We are very explicit – if shareholders are unhappy they should sack the board, or at least those members of it responsible for setting unjustifiable pay levels," he said.

The IoD wants public companies to adopt new pay guidelines, to be published later this month.

It wants companies to reveal the extent to which pay rises have been awarded following comparisons with companies based outside the UK for example. "We are still defending top pay for top performers but we now have a framework recommending how companies should deal with the whole issue," Mr Melville-Ross said.

The IoD is to submit its recommendations to the special City committee set up by the cabinet following growing public criticism of executive salaries.

Mr Melville-Ross hopes the government will support its views and accept the framework. Mr John Major, the prime minister, recently indicated that he was also against legislative changes but wanted companies to show a greater degree of self-regulation.

Hurd issues warning to France and Germany

By Kevin Brown, Political Correspondent

Mr Douglas Hurd, the foreign secretary, yesterday delivered a clear warning to the European Union that the UK will seek to set strict limits on constitutional changes at the intergovernmental summit in 1996.

In a wide-ranging speech to the Institut Français de Relations Internationales in Paris, Mr Hurd set out a focused British agenda for the summit based on subsidiarity, deregulation and flexibility.

He also made clear that the UK would not allow France and Germany to dominate preparations for the summit in the way they did for the Maastricht conference in 1991.

Mr Hurd's remarks were aimed in part at the party's Eurosceptic minority – including the nine backbench MPs who lost or resigned the whip after the November vote on UK contributions to the EU.

The anti-integrationist tone of his remarks follows the government's decision on Wednesday to offer an olive branch to the rebels by promising not to block appointments to Commons committees. However, Mr Hurd was also seeking to build on the rapidly improving relationship between the UK and France, which was dramatically illustrated at a successful summit in Chartres last month between Mr John Major and President François Mitterrand.

Mr Hurd stressed that Europe could not be "confined to two states, however important". He added: "I am glad that this time there is a much greater exchange and cross-fertilisation – a process in which Britain is taking a vigorous part."

Mr Hurd said he was "anxious to work as closely as possible with the French in this process", in spite of continuing differences over free trade and economic integration.

It was "no part of the British agenda" for Europe to end the development of institutions and return to being a free-trade area. But it was neither necessary nor desirable to undertake massive constitutional upheaval in 1996.

Instead, the Union should concentrate on developing flexible structures linking the nation states, combined with greater subsidiarity and moving away from unnecessarily intrusive directives.

War gives way to bore in Belfast

By John Murray Brown in Belfast

For the young British paratrooper stalking a Catholic street in west Belfast yesterday, the news that daylight army patrols are to stop came as a relief.

"Its a bit boring now," he said. "Before the ceasefire there was a danger they might take you on. But there's no real role for us now."

British soldiers on foot patrol have been part of the scenery ever since Lord Wilson, as prime minister, sent them in August 1969 to relieve the Royal Ulster Constabulary after civil rights protests in Londonderry threatened to spill over into a sectarian confrontation across the province.

In Catholic areas yesterday, few people seemed ready to remember that the army had at first been welcomed as an impartial peacekeeping force, largely deployed to protect the Catholics at a time when the nationalist community saw the RUC as a sectarian force.

Yesterday the army headquarters in Lisburn was keen to stress that the soldiers were there only to support the civilian police, but there has always been a tension, if not a jealousy, between the two services.

For a brief period in 1973, after the army was deployed to re-establish control in parts of Londonderry which republicans had proclaimed to be "no go" areas, the number of soldiers in the province reached close to 23,000, more than twice the number of police.

Today the army has around 18,500 men, comprising 18 battalions in the province: six resident battalions, six from the Royal Irish Regiment, formerly the Ulster Defence Regiment, and six rotating battalions – serving for six-month periods. The RUCis made up of 8,500 regulars, 3,200 reservists and 1,440 part-time reservists.

Since the IRA ceasefire in September, there has been a reduction in the military presence.

Financier says his prosecution is 'dishonest'

By John Mason, Law Courts Correspondent

Mr Muhammed Naviede, the former chairman of the Arrows trade finance company, yesterday said his prosecution was "dishonest" and was an attempt by the Serious Fraud Office to save its reputation.

In a speech to the jury Mr Naviede said the prosecution's case was "rubbish" and "effectively misleading".

He is accused of defrauding a number of foreign banks by secretly diverting money loaned by them to Arrows into unsecured property deals rather than fully insured trade finance transactions.

The prosecution says that had the banks known of the property speculation, which left their loans totally unsecured, they would never have agreed to provide the credit.

Mr Naviede denies eight charges including obtaining cash and credit facilities by deception, fraudulent trading and deceiving creditors.

The former Arrows chairman accused his prosecutors of suppressing the truth about the company. "If the prosecution can prove an innocent man guilty they have no problem about it. They do have a motive. If the SFO does not succeed against me they are absolutely finished. They have had it," he told the jury.

Mr Naviede disputed that Arrows had been insolvent when it was put into liquidation owing creditors some £100m. A number of accountancy firms had reported that Arrows remained solvent.

Mr Naviede defended his decision to move away from trade finance to property, saying that as the recession began to bite this represented a better long-term prospect.

Minister may face prisons challenge

By Kevin Brown and Alan Pike

Prison governors yesterday intensified pressure on Mr Michael Howard, home secretary, by deciding to take legal advice over the removal from office of Mr John Marriott, the governor of Parkhurst prison. The governor was shifted after the escape of three criminals – classed as highly dangerous – with the help of a ladder made in the prison workshop.

The Prison Governors' Association agreed at a meeting of its executive to take advice on whether there had been "serious flaws in the interpretation of civil service rules and the interpretation of natural justice" in Mr Marriott's treatment.

Mr Howard told the Commons on Tuesday that Mr Marriott was being removed from his post following the escape of the three offenders, who have since been recaptured. Six other members of Parkhurst staff have been transferred to other duties.

Prison governors' concern that Mr Marriott was being made a scapegoat for the escapes was increased by a comment from Mr Howard that Mr Marriott would not be running another prison.

However, Mr Derek Lewis, director-general of the prison service, has said that a decision on what might happen to the Parkhurst governor would depend on the outcome of investigations.

The Prison Governors' Association said after its meeting that in the circumstances the actions taken against Mr Marriott should be tested and that it was instructing its legal advisers to prepare appropriate papers.

The association said if it was advised that there was any redress in law, "we will certainly consider acting on it".

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NEWS: UK

Government supports rule change needed to assist competition with European rivals

Tax concession for insurers comes closer

By Ralph Atkins, Insurance Correspondent

The government has moved a step closer to giving a new tax relief to insurance companies that provide cover against risks such as natural disasters. UK insurers say the relief is important if they are to compete with rivals in mainland Europe.

The Department of Trade and Industry is supporting a Conservative MP's proposals for legislation which would pave the way for tax relief on reserves built up in profitable years for use when catastrophes occur.

Mr Oliver Heald, MP for North Hertfordshire, says approval from the House of Commons for his private member's bill could lead to Mr Kenneth Clarke, the chancellor of the exchequer, introducing the relief in this year's Budget.

The success of Mr Heald's bill, due to be debated on January 27, is not certain. But government backing would help its passage through parliament.

Tax relief on "equalisation reserves" is available in most other European countries, notably Germany and France, making businesses such as property insurance less prone to large catastrophes leading to big occasional losses.

UK insurers argue that, because they cannot obtain tax relief on equalisation reserves, their rivals have a competitive edge in the European single market. Since last July, European insurance companies have been able to operate anywhere in the European Union on the basis of regulations in their home state.

"If we want to protect our share of the non-life insurance business, particularly from German competition, we need to have these measures in place," said Mr Heald.

Mr Norman Lamont, then chancellor, argued in the March 1993 Budget that there might be a case for allowing tax relief for certain types of equalisation reverses. Subsequently, the Treasury made clear that tax relief could be made available only if there was a regulatory requirement to establish such reserves. Mr Heald's bill would empower the DTI to draw up such regulations.

The Treasury has also said that the costs of any tax relief would have to be met by compensating changes elsewhere – though the insurance industry argues that the Insurance Premium Tax introduced in October represents a payment in advance. Mr Heald's bill is supported by the Association of British Insurers, the sector's trade organisation.

A joint government Inland Revenue consultation document in 1993 invited comment on equalisation reserves. A further document is expected soon.

Councils denounce campaign for extra Heathrow terminal

By Michael Skapinker, Aerospace Correspondent

The building of a fifth terminal at London's Heathrow Airport might increase the profits of British Airways and of airports group BAA but would not serve the interests of the UK or London, 11 municipal authorities said yesterday.

The authorities said BAA, which owns Heathrow, had a history of underplaying the environmental impact of the airport. It had also underestimated the number of passengers that it would serve. The authorities, led by Surrey County Council, include Berkshire and Buckinghamshire county councils and four boroughs in the west of London.

BAA says the terminal is essential if Heathrow is to maintain its position as the world's leading international airport. It said failure to build the terminal would result in rival airports in Paris, Amsterdam and Frankfurt winning market share from Heathrow.

The authorities, headed by Surrey County Council, said they would refute such arguments when the inquiry began in May. Mr Jim Bailey, Surrey's planning officer, said: "Because something makes good commercial sense for BAA, it doesn't follow that it is in the best interests of the UK as a whole or local communities in particular."

He added: "The sheer scale of Terminal Five – three times bigger than the present Terminal Four – would overwhelm the surrounding area, which is already one of the most developed and congested in the country.

"Let's not fall for BAA's sales pitch. Heathrow will continue to grow whether Terminal Five is built or not, with more passengers, more flights and more traffic. It is seriously misleading of both BAA and British Airways to suggest that without Terminal Five Heathrow will wither and jobs will be lost. The truth is that jobs are likely to increase even without Terminal Five."

Mr Bailey said the present four terminals were to have been limited to 38m passengers annually, but they already served 51m. Although BAA says Terminal Five would bring its total capacity to 80m, Mr Bailey said it was likely to be 100m. He said: "If services were expanded at a beautifully designed and under-used airport such as Stansted [70km north-east of London], passengers would go there happily."

Workers from ABB Transportation's train and tram works in the northern city of York yesterday lobbied travellers in the southern county of Kent for support in their campaign to persuade British Rail to place an order with ABBT. The company, an offshoot of the Swiss-Swedish group ABB, warned on Tuesday that closure of the York works was inevitable after BR announced that it would not order Networker trains for its Kent lines for at least four years.

Help for disabled is announced

Mr John Major's government yesterday unveiled long-awaited proposals to create rights for disabled people in the workplace, James Blitz and Lisa Wood write. In an effort to head off a political storm over the issue, the government proposed to introduce a "statutory right of non-discrimination" against people with disabilities.

The measures would require employers to make "a reasonable adjustment" to working conditions to overcome the practical effects of a disability. They would also require employers to provide a statutory right of access to goods and services.

Mr William Hague, the minister for disabled people, said the changes to physical access required by the legislation would impose an overall cost to industry of no more than £1.1bn ($1.7bn).

This compares with the government's compliance cost assessment of £17bn on a more comprehensive private member's bill proposed by Mr Roger Berry, a Labour MP, last year.

Mr Hague said the measures on physical access would impose an "average cost to the average business" of between £500 and £1,500.

Disability activists said Britain's 6.5 million disabled people would still remain second-class citizens. They spoke of a "set of half-measures which fall far short of laws banning sex and race discrimination". The Institute of Directors complained that businesses would have to pick up the tab for the government's "vague" commitments.

UK NEWS DIGEST

Funds for attack on crime to rise

Funding for the recently created National Criminal Intelligence Service is to be increased by 10 per cent to help it deal with a backlog of reports of suspected money laundering. The increase compares with 3 per cent for the police service generally and a cost-cutting programme in the Customs and Excise Department which will result in the loss of 4,000 jobs over the next five years. The provision for the secret service (MI5) and the secret intelligence service (MI6) for 1995-96 has not been disclosed, although it is expected to reflect a generally restrictive government spending policy.

The Bank of England, the UK's central bank, said it welcomed the increase in funding for the service. "We were certainly conscious that NCIS was looking at how they could cope with a significant increase in reports from banks and building societies."

Last year Mr Geoffrey Dear, a former senior policeman, said after examining NCIS resources that the amount of data on organised criminals being filtered through the service risked "overwhelming the resources available to deal with it." Last year UK banks and other financial institutions reported over 18,000 cases of suspicious money transactions to the service as a result of tighter reporting requirements introduced under national legislation and a European Union directive on money laundering. *Jimmy Burns*

NatWest intends to shed branch jobs

National Westminster Bank, the second-biggest British retail bank, has asked for volunteers for redundancy and part-time working among its 55,000 branch banking staff in a effort to cut its workforce further. NatWest, which is estimated by the Banking, Insurance and Finance Union to have shed 20,000 staff over the past five years, said it had asked for volunteers.

The bank would not disclose its target for reductions, although it wants to cut staff costs because of pressure on operating income. It is thought to have shed about 4,200 people last year through turnover, and voluntary redundancy. *John Gapper, Banking Editor*

Businesses protest at road congestion

Road congestion is costing small companies more than £6bn ($9.4bn) a year, or an average of £2,340 each, says a survey of 545 companies by the British Chambers of Commerce and the business finance specialist Mr Alex Lawrie. Two-thirds of respondents said the government could relieve congestion by improving public transport, 51 per cent supported upgrading the road network, and 15 per cent favoured building more roads.

Only 4 per cent said they used railways to distribute freight. Lower costs would encourage 39 per cent to send more freight by rail, but 27 per cent said nothing would make them switch. *Simon Kuper*

Paribas to move London headquarters

Group Paribas, the investment banking group, has bought a 1ha site next to Marylebone Station in central London where it plans to build a new London headquarters building. The land was sold for an undisclosed sum by Railtrack, a state-owned company, and Lynton, the property arm of BAA, the airports operator. Paribas, already based outside the City of London, said it saw no reason for moving there. *Simon London, Property Correspondent*

Pensions for clergy

The Church Commissioners, the body responsible for the pensions and other activities of Church of England clergy, will take the first step towards setting up a dedicated pension fund later this year. The move will be part of a package of reforms to the financing of the Church which will also involve a sharp increase in the funds parishes have to raise from their congregations to support their clergy. The cost of pensions and retirement housing subsidy for clergymen grew at nearly three times the rate of inflation between 1981 and 1991 from £18m to £58m a year.

"BEAST" AT LARGE: Urgent action is needed to catch a mysterious large animal known as "the Beast of Bodmin Moor", Mr Paul Tyler, Liberal Democrat MP for Cornwall North, told the government. The animal, often glimpsed on the moor – one of the remotest areas of the far south-west of England – is thought to be a puma or similar creature which has escaped from a private zoo. "Whatever is out there is becoming more daring." Mr Tyler said

FOOTWEAR COMPANY CLOSES: Peter Black, a footwear company based in Keighley, northern England, is to close with the loss of nearly 300 jobs. The company blamed a fall in sales of canvas footwear because of cheap competition from other countries. The group's other businesses are not affected.

NAVY TO SHED JOBS: Royal Naval Armaments Depots are to cut 468 jobs over the next 10 years in Scotland and southern England. The cuts result from restructuring and external factors including withdrawals from the UK by US forces.

COMPENSATION FOR FAMILY: The family of a motorist killed in a collision involving a car driven by a policeman who had been drinking will receive £187,500 compensation from the Metropolitan Police, the force which covers most of London. The money will go to the widow of the 34-year-old truck driver, killed in his car in 1992, and her three children. The police admitted liability.

PROPERTY

Profits after the pain

Are surveying firms turning the corner, asks Simon London

At first glance the outlook seems to be getting brighter for the UK's hard-pressed chartered surveyors. Two of the largest stock exchange-quoted surveying practices this week reported higher profits.

On Monday, Savills announced an encouraging 60 per cent increase in interim pre-tax profits, albeit tempered with words of warning about the next few months. On Tuesday, Debenham Tewson & Chinnocks – the holding company for DTZ Debenham Thorpe – reported a more modest 8 per cent increase in profits.

As the chart illustrates, though, quoted surveying practices have suffered terrible pain over the past five years. There is no reason to believe that the performance of the big partnerships, which do not have to abide by the strict disclosure rules of the stock market, has been any better.

Debenham Tewson & Chinnocks came to the stock market shortly before the 1987 stock market crash, offering shares at a price of 170p. This week the shares were trading a shade below 100p, having underperformed the wider equity market by 65 per cent in the intervening seven years.

But Debenham Tewson & Chinnocks is not an especially bad performer. Savills, which made its debut as a public company in 1988, has underperformed the wider equity market by 70 per cent. Herring Baker Harris, which came to the stock market as Baker Harris Saunders in 1986, has underperformed by 92 per cent.

Other than specific mistakes – such as Herring Baker Harris's expansion into the US – the root of the problem is that fees have come under pressure and margins have collapsed.

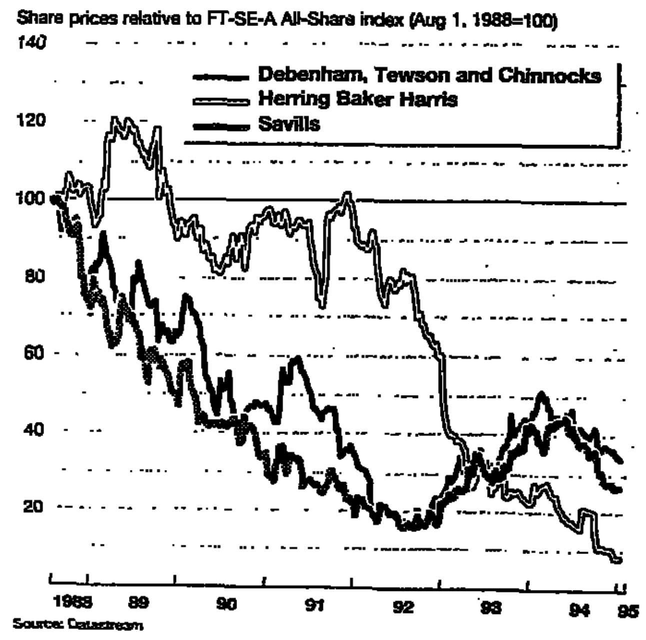
In 1987, Debenham Tewson & Chinnocks showed an operating profit (before tax and interest costs) of £3m on turnover of £16.8m – an operating margin of 18 per cent.

In the first half of this financial year, turnover had grown to £28m, on course to beat the £57.5m achieved in the last full year. But operating margins were down to 7 per cent.

As every surveyor knows, fees for professional work, such as valuations, have tumbled. Most blame their competitors for bidding at uneconomic rates.

Surveying the past

Share prices relative to FT-SE-A All-Share index (Aug 1, 1988=100)



Source: Datastream

"Professional work used to be regarded as the backbone of the business but margins are down to almost nothing," said Mr Aubrey Adams, managing director of Savills.

While few surveyors expect fees to show a sudden recovery, there are signs that they have, at least, stabilised.

"There is a growing awareness at the top of the profession that fees have reached the lowest sustainable level," said Mr Richard Lay, chairman of Debenham Tewson & Chinnocks. "But while the decline may have stopped I do not expect fees to climb back to the levels of five years ago. We are running our business on the expectation that things will get better over the next few years but only slowly."

The underlying cause of dwindling fees is overcapacity: too many surveyors chasing too little work. "It is widely accepted that there are too many surveyors by 20-25 per cent," said Mr Duncan Cairns, chief executive of Herring Baker Harris.

One solution might be to raise the main barrier to entry by limiting the number of new chartered surveyors qualifying each year. But such draconian measures find little support.

"The flow of people into the profession should not be regulated. There is no point closing an academic faculty or two simply to restore market balance," said Mr Lay. "As long as colleges do not let their entrance requirements slip, market forces should do the job."

This means less attractive salaries and, in time, fewer aspiring young chartered surveyors. According to Mr Cairns, there was a step-up in the salary expectations of chartered surveyors during the late 1980s. This was sustainable while the property market was buoyant, but there is no longer enough business to support such high overheads.

Under a restructuring plan announced in November, Herring Baker Harris has cut its personnel costs by £1m a year and its rental costs by £500,000. Overheads have been reduced by 10 per cent in total.

There is certainly no reason to expect a sudden surge in demand for chartered surveyors' services. Economic recovery should bring more movement among tenants and more property development. But competition within the profession is such that cut-throat pricing will prevail.

Besides, other areas of work could easily stagnate. The flow of investment deals – one area where fees have held up well through recession – helped pay the bills in 1994. But demand for investment properties has now fallen away. Corporate recovery work arising from receiverships has also disappeared.

This suggests that big surveying practices will either have to keep whittling away at overheads or find new ways of increasing revenue.

"Like other service industries, surveying practices grew too fast in the 1980s. But we have not been as good as the accountants at selling our services to corporate or public sector organisations. Neither have we diversified as effectively," said Mr Adams.

It remains to be seen whether diversification into areas such as facilities management – a new business area favoured by all the big firms – will provide a decent return.

The wider lesson could be that surveyors have been unsuccessful at selling their technical expertise to their clients. The services offered by the profession have therefore become something of a commodity.

"As a profession we have consistently under-sold our technical skills," said Mr Cairns.

As with all commodities, the price the market is willing to pay tends to fall towards the marginal cost of production; eroding margins for all but the lowest cost producers. Only firms with lower than average expenses will be able to make a decent profit.

If fees are going to show a sustained recovery, then surveyors will have to convince their clients that they are getting something more than a basic commodity service.

Alternatively, senior managers within the big surveying practices will realise that further measures to reduce overheads are the only way to improve profit margins. In that case the pressure for firms to slim or merge could be as strong as ever, even as the property market pulls out of recession.

MANAGEMENT

Jim Kelly on how reforms are likely to change the relationship between auditors and senior executives

Held to account

At this time of year the relationship between finance director and external auditor can begin to show signs of strain. The publication of the annual accounts is, for many companies, close at hand.

For both it represents one of the year's most important events. Reputations and careers depend on the contents and how they are received by shareholders, analysts and the media. The long-term health of the company depends on their integrity.

There have been times when that integrity has not been strong enough to resist the enormous pressures that may be brought to bear in order to secure a set of accounts that present a picture of what should be, rather than what is. One result of those pressures was some well-publicised corporate collapses in the late 1980s and early 1990s. Much of the blame was left with the auditors – partly because they had the "deepest pockets" and could be sued, and partly because, in some cases, they were at blame.

More commonly the pressures led to "creative accounting". Accounting policies were used as tools to produce the required results and the concept of the accounts representing a true and fair view was damaged in many users' view.

As a result the movement for reform of the audit process has been broad and strong, as was the related campaign which produced a new system of accounting standards. It also led to the Cadbury report on corporate governance in 1992 and late last year the related Audit Agenda – a blueprint for the reform of the audit process. The Audit Agenda's proposals could have the full backing of the Stock Exchange by 1996.

These reforms, and related ones covering the auditing of a statement on the company's health as a "going concern" and the scrutiny of the "internal controls" within a company, are likely to bring change to the management of the audit process in many small- and medium-sized publicly quoted companies.

For larger companies the impact should be small. They have sophisticated audit procedures and vibrant audit committees whose practices are often better than the reforms being suggested. Many of the changes will look familiar.

But for the rest, according to the authors of the Audit Agenda, the most important change will be in the relationship between the auditor and the finance director. Currently, both can face vast pressures to compromise their duties. Considering these pressures it is remarkable that failures are so rare.

An example: a company forecasts a £20m profit based on the finance director's expertise and judgment. Two weeks ahead of the final board meeting that target looks off the mark by £2m. So, the finance director decides he has been too conservative in his accounting for bad debts. The accounting policy on making provisions for the debt is changed – promptly returning the profits to target.

At this point the auditor begins to face his own pressures. He has had a long and convivial relationship with the finance director. Qualifying the accounts of a listed company would have serious repercussions. The fee would be in jeopardy for the future – as would the income from related services such as management consultancy.

Professor Ian Percy, one of the authors of the Audit Agenda and a partner with Grant Thornton, believes the proposed reforms would recast this potentially dangerous relationship. Under the new code the auditor would report to an audit committee, which has a majority of non-executive directors, and the accounts would be signed by a named partner of the audit firm (as opposed to simply the name of the firm as at present).

"You would not have inexperienced younger partners signing the audit any more because the firms would make sure they have the tough guys in the job – they will be more able to stand up for themselves," says Percy.

Clare Arron

Ian Percy: 'This takes away a lot of the finance director's power'

Reporting to the audit committee, and transferring the appointment of the auditor and the setting of the fee to the audit committee, is designed to create a new relationship. In future the auditor will be reporting to, and under the control of, the audit committee. "This takes away a lot of the finance director's power," says Percy.

In medium and smaller-sized companies finance directors and chief executives will become accustomed to being asked to leave the room while the auditor talks directly and frankly to the audit committee.

The chairman in these companies is going to see more of the auditor too. Under the new rules the auditor must make sure the chairman's written report matches the accounts he has audited. He may decide the text is "over-buoyant".

One of the biggest changes to the management of the audit is already in place. The new rules on a company's "internal controls" came into force for some on January 1, and for all listed companies after July 1. Internal controls include regular specialist training, authorisation limits, segregation of duties and production of accurate and regular financial statistics.

These rules mean that directors must point out in the accounts that they are responsible for these controls, must describe the main systems in place, and must confirm they have reviewed their effectiveness. Auditors, under the Audit Agenda, would have to comment on the internal controls.

Stricter monitoring of internal controls is seen by many as the most important tool for restricting corporate fraud. Auditors can be kept in ignorance of quite widespread dishonesty if the resulting accounts are internally consistent. Internal controls aim to limit the opportunity for fraud and for conspiracy. Percy believes the new rules mean that internal controls must become a vital part of the audit process.

Directors must also now think more seriously about a declaration that their business is a "going concern". Under an auditing standard published in November auditors were required to take an "active role" in establishing that a business really is a going concern – and they must register an adverse opinion on the accounts if they disagree with the directors.

All these reforms are designed to improve the integrity and transparency of company accounts. Senior managers, especially in medium and smaller listed companies, are likely to have to play very different roles in the auditing process.

Big stakes in a 'small world'

Andrew Jack looks at the latest attempt to improve performance at Euro Disney

Employees at Euro Disney have been clambering aboard a new form of management roller-coaster this week as they adjust to the potential thrills and fears of a different approach to their jobs.

As staff at the Paris-based theme park begin to gear up for the 1995 tourist season, more than 200 of them met senior executives on Monday night to be briefed on the latest radical attempt to improve effectiveness. It is called – copying the name of one of the Euro Disney attractions – "Small World".

The idea is to improve motivation, morale and the quality of service provided to visitors through a process of decentralising power, cutting down hierarchy and creating internal competition between different parts of the park – although all within certain limits.

The park's operations will be split into "small world" units of 30-50 staff, headed by a manager. Each will be given greater responsibility and flexibility than in the past to meet three goals: to achieve management targets, improve visitor satisfaction and get to know and motivate staff.

Michel Perchet, vice-president for "cast members" (the Euro Disney staff) and one of the creators of the idea, says that where two years ago there were nine levels of hierarchy within the business, the aim is to bring all staff within two levels of the executive board. "People want more responsibility," he says.

In exchange, there is, as Steve Burke, the park's executive vice-president, puts it, "the darker side of human nature: people respond to incentives." While details are still being finalised, small world managers may receive up to 10 per cent of their salary in bonuses linked to performance. Other staff will receive non-financial rewards, including improved promotion prospects.

The idea of decentralisation of power is nothing new among companies. Perchet says a similar system existed at Club Mediteranée, the French holiday company where he previously worked. Burke cites General Electric and McDonald's as among his models, as well as the Euro Disney stores, into which he introduced a scheme from 1987.

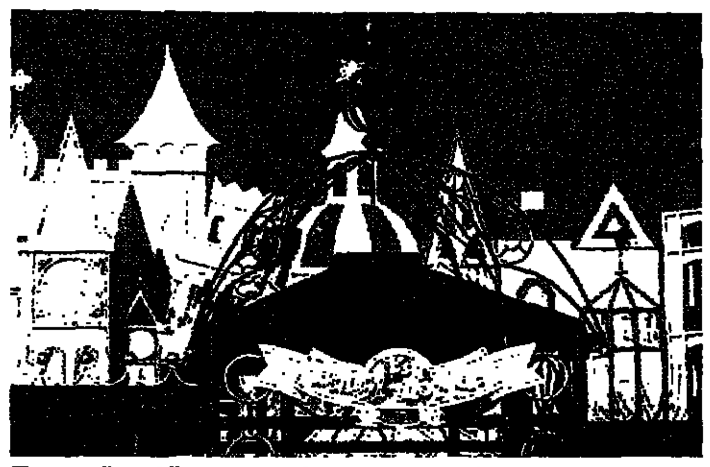
For Euro Disney, however, the stakes are perhaps rather higher than elsewhere. The company has little choice but to implement every possible initiative to help it break even in its 1996 financial year, following a FFr13bn (£1.57bn) restructuring agreed last summer.

It is already into the second year of "the Olympics of change", a staff ideas-generation programme designed to identify cost savings throughout the park. Small world goes a good deal further. "We need to change as fast as we can," says Burke.

The "small world" system marks a departure for Paris towards greater autonomy compared with the management style of the Disney parks elsewhere. Burke argues the difficulties are fewer in the US because staff and clients usually share the same culture, and employees have a more strongly developed sense of loyalty and identity to the company.

On the other hand, the new management philosophy to be introduced in Europe poses considerable problems for Euro Disney. While restaurants and shops within the park may lend themselves to relatively easy conversion into units, back office functions, such as computing, coming under the same system may prove more difficult to operate in this manner.

Even more fundamental will be how much autonomy each business unit really receives. Restaurants and shops will have some potential to compete with each other for customers within the park through differences in quality and staff motivation. But the company will not permit them to engage in more direct competition through cutting costs or change the merchandise for sale, for instance. And small world units will not be allowed to opt out of their existing supply chain within the park and go to other external contractors.



The 'small world' system marks a move towards greater autonomy

Details of objectives and their implications are still being thought through, even though staff are already embarking on 20 days of training designed to be completed before the tourist season begins in earnest in the spring.

"The key for managers is to beat our targets and not to cut costs," says Burke. "We don't have any profit and loss objectives at present. The idea is to make the park a more fun place to work." The company has given itself two to three years to see just how effectively it will work.

TECHNOLOGY

Lifting the spirits

The first of a new class of antidepressant drugs is launched in the UK this week.

Efexor – discovered and developed by Wyeth, the pharmaceutical subsidiary of American Home Products – is claimed to have two advantages over Prozac, the much publicised market leader produced by Eli Lilly.

First, Efexor acts on both the chemical messenger systems that are believed to be involved in depression: serotonin and noradrenalin. Prozac and other drugs in its class (SSRIs) act only on seratonin.

Second, high doses of Efexor can relieve severe depression within a week. That is appreciably faster than other antidepressants, which often take two or three weeks to work. Speed may be vital if the patient has suicidal thoughts.

There is not yet enough clinical data to show whether Efexor is more effective than existing drugs in relieving moderate or mild depression over a longer period.

The main disadvantage of Efexor is that patients have to take two tablets a day, whereas SSRIs can be taken once a day. But Wyeth expects to launch a daily version of Efexor next year.

Like the SSRIs, Efexor has few side-effects compared with the traditional "tricyclic" antidepressants. It is unlikely to be fatal in overdose.

Robert Kerwin, a neuropharmacologist at the Institute of Psychiatry in London, said psychiatrists would welcome Efexor as "a radically new antidepressant, both in its chemical structure and its mode of action.

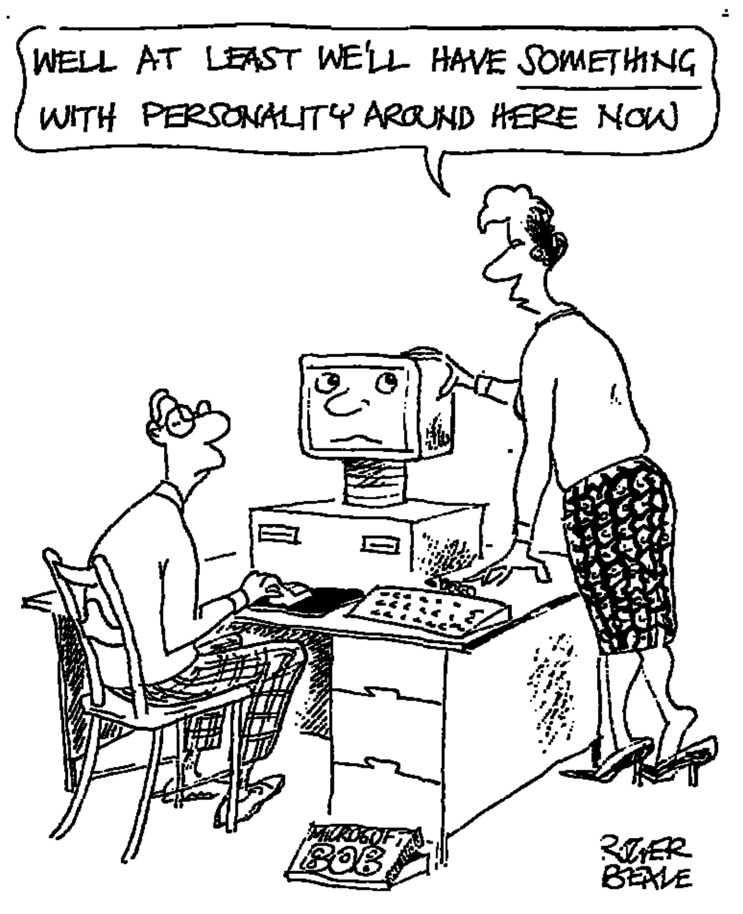
It seems to have the good features of the old tricyclics, inhibiting both noradrenaline and seratonin, without the side-effects caused by their lack of specificity".

Wyeth has launched the drug in eight other countries since its approval by the US Food and Drug Administration last year.

Clive Cookson

Home computers now come complete with personalities, write **Louise Kehoe** and **Tom Foremski**

My friend Bob



Do you sometimes curse at your computer, whisper encouragement to your car or tell the fax machine to hurry up? Although we are aware that machines cannot really understand our complaints or compliments, it seems to be human nature to relate to machines in a social manner.

That at least is the theory behind "Bob", Microsoft's new social interface for home computers. The program, which will be available in March, gives your PC a persona that makes it – or perhaps we should say him or her – easier to use, more friendly and responsive.

People tend to personify inanimate objects and use the same social rules for interactions with a computer as for interactions with another person, according to Clifford Nass and Byron Reeves, two Stanford University sociology professors who have been working with Microsoft on the development of Bob. Thus, the greater the ability of a machine to mimic human social interaction, the more comfortable people are using it, they say.

Microsoft is not alone in its efforts to create easier to use computer interfaces. Apple Computer is hot on Microsoft's heels. Like Microsoft, Apple aims to give the computer user "active assistance" with software that will understand what the user is trying to do, as well as intelligent agents that can perform tasks automatically.

The social interface "is going to change the basic way we look at the machine. We really view this as the interface of the future", says Bill Gates, Microsoft chairman. He expects social interfaces to play a big part in expanding the use of personal computers among children and adults who are wary of new technology.

Similar software will also be "fundamental" to the growth of on-line services and interactive television, Gates predicts.

Bob, which Gates describes as a "first-generation" social interface, enables PC users to choose one of a dozen different cartoon characters to become their on-screen "personal guide". Rover the dog, Chaos the cat, Java a dragon, Scuz a "teenager at large" each appear when the program is set up, pitching to become your computer pal. Each has a different personality. Some are talkative and friendly, others more humorous or directive, or even disagreeable and less quick to offer help. The variety means that every user should be able to find a personal guide that appeals to them and offers the right amount of help, Microsoft says.

Bob's personal guides quickly learn how much assistance to offer to their users. In a household setting, for example, an adult who has a lot of experience with a program will not be given the same tips as the child who is feeling his way.

The ability to keep track of an individual user's preferences and difficulties in using the computer is one of the essential elements of a social interface. Another advance over today's graphical interfaces, such as Windows, is that the social interface only offers the user options that are related to the task he or she is performing.

In contrast, today's graphical interfaces typically present the user with a menu full of command options and little help in sorting out which ones may be relevant.

Another enhancement designed to make PC users more comfortable is the ability to design your own on-screen environment. Bob presents users with a choice of "rooms" which they can decorate according to personal taste. Items in the room represent the eight-home oriented applications included in Bob as well as other programs.

"Using Bob, people will learn faster and easier and even learn more about application features they would not otherwise become familiar with," says Gates.

It is all a far cry from the MS-Dos "C prompt" and the Windows program manager. Critics charge that Microsoft has fallen into the trap of trying too hard to please the first-time computer user while ignoring the needs of those who have mastered the PC but need help in learning new applications. Yet Bob is just the beginning of an important shift in the way people use computers and computerised equipment, Gates maintains.

Social interfaces will "absolutely become more sophisticated" over the next few years, he says. "This is a huge part of our research work . . . a key focus of competition between us and other companies."

Apple, a pioneer of the graphical user interface with its Macintosh technology, is also working on new software.

The next version of the Macintosh software, code-named Copland, will feature multiple-user interfaces with simplified versions for new users and a more complex and powerful interface for the experienced user. Apple's Advanced Technology Group is also experimenting with digital "personalities" similar to those in Microsoft's Bob.

"Some say that users need a warm and fuzzy agent, a pop-up personality that can guide them," says Rick LeFaivre, Apple vice-president. "But this won't work for all users and we need to offer them a choice."

Creating a closer bond between computers and their users is a primary focus at Apple. "Your computer should know several things," says Frank Casanova, a manager at Apple's Advanced Technology Group. "It should know who is sitting at the keyboard, it should know what kind of access to its files that person should receive, and it should know who and what is important to you."

Computer recognition of the user will be achieved by a camera attached to the computer. "We are working with defence companies that have some very good vision technology," says LeFaivre. "It's related to the same technology that allows missiles to hit their targets."

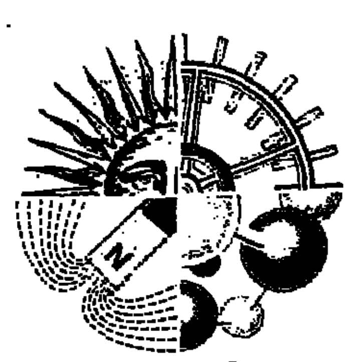
The ultimate goal of computer user interface developers is to create computers that can understand the human voice and talk back. Both Microsoft and Apple are working on such technologies.

At the Consumer Electronics Show in Las Vegas last weekend Gates demonstrated a prototype version of software that allows him to issue voice commands to a PC.

Later this year, Apple plans to introduce technology that will enable the Macintosh to convert digital text files into digitised speech in a human-like voice.

Still, PCs will not be good friends until they develop common sense. Giving PCs human-like reasoning and learning capabilities is years away, says Gates. In the meantime, we can rest assured that PCs are only dumb machines and we are getting better at using them.

Worth Watching · Vanessa Houlder



Many faces of polypropylene

Since the development of polypropylene in the 1950s, it has become one of the most commonly-used plastics in the world. Its range of uses could be expanded further following the development of a method of making an elastic form of the polymer, according to a report in today's Science.

The traditional form of polypropylene, which is made from propylene, an oil-derived gas, derives its strength and ease of processing from the regular spatial arrangement of its molecules. Researchers at Stanford University have found a way of changing this spatial arrangement, by using a catalyst based on compounds known as metallocenes, which oscillate between different stereochemical forms.

Depending on the structure of the catalyst and the pressure of propylene in the reactor, the resulting polymer can be as elastic as a rubber band or as tough as the sole of a shoe.

Stanford University: US, tel 415 723 4515: fax 415 725 0259.

How much is that doggy?

An interactive window display has been introduced by a Fifth Avenue toyshop in New York.

The system, which is designed to give customers gift ideas and product ordering information out of hours, was based on technology developed by Microtouch, a US-based touch screen manufacturer.

The store, FAO Schwarz, fixes touchpads to the back of photos or graphics inside the shop window. When the user touches the glass, it makes a minute change to a low-voltage field projected through the glass.

The request is reported to a multimedia computer, which delivers the relevant product information through a television monitor and speakers.

Microtouch Systems: UK, tel 01344 260123: fax 01344 260012.

Barcodes move to the classroom

Barcodes are moving out of the supermarket and into the classroom. Pioneer Education has launched a barcode-based interactive teaching system, which can liven up lessons with pictures, sounds, graphics, text and film.

The LaserBarcode system provides teachers with a textbook which is printed with barcodes on every few lines. By scanning the barcodes using an electronic pen, teachers can skip from place to place in the text to call up relevant material from a laser disc.

Pioneer Education: UK, tel 0753 789 729: fax 0753 789 539.

Paying your way on the Internet

Barclaycard has become the first credit card company to offer services on the Internet. Users will be able to get on-line information about offers and services. Later this year they will be able to make inquiries about their account.

Barclaycard says it will offer payment services on the Internet, as soon as a secure method of electronic payment becomes available. Pipex, the network provider used by Barclaycard, says it intends to launch a secure electronic cash and credit card authentication mechanism soon.

Barclaycard: UK, tel 0604 234 234: fax 0604 252556.

Driving away traffic fumes

One of the miseries of sitting in a traffic jam is the quantity of fumes that are pumped into a car's interior.

Bosch, the German automotive parts company, has developed an "electronic nose" which can detect low concentrations of carbon monoxide and nitrogen oxides in exhaust gases. Once the sensor detects the pollutant, it sends a signal to the ventilation system, which begins to recirculate the air within the car.

Robert Bosch: UK, tel 0895 834466: fax 0895 838548.

PEOPLE

Ann Robinson takes on pensions portfolio

Ann Robinson, the Institute of Directors' high-profile head of its policy unit, is to take up a new job as director general of the National Association of Pension Funds.

Long a sleepy backwater among trade associations, the NAPF was jolted by the revelations that over £440m was missing from pension schemes controlled by the late Robert Maxwell. Since then, pensions have been propelled to the top of the political agenda, both in the UK and abroad, and the NAPF has been hard pressed to keep up.

It has recently launched an independent inquiry into the future of pension provision in Britain and has succeeded in persuading the government to make changes in its omnibus pensions regulation bill now before the House of Lords.

But in the past, it has attracted criticism from its own members for failing to respond to threats to occupational pensions, and barely responded to the onslaught to sell personal pensions. The organisation was caught flat-footed nearly two years ago when then-chancellor Norman Lamont effectively lopped billions off the value of UK pension funds through changes in Advance Corporation Tax.

Robinson, who is 57, will succeed the current director general, Michael Elton, who is 62, has held the post for eight years. He is taking early retirement in April at his own request.

She has been head of the IoD's policy unit for the past six years and from 1986 until 1993 was a member of the European Community's Economic and Social Committee. She is the author of several papers and pamphlets on pensions, and is well-known as a broadcaster on radio and TV. Robinson is also a member of The Guardian's Panel of Economic Advisers. *Norma Cohen*

Abrahams quits PIA for Barclays

Mike Abrahams is leaving the Personal Investment Authority, the new watchdog to protect the private investor, to take up a post as deputy head of compliance at the financial services subsidiary of the Barclays Bank group.

He will also be head of compliance at Barclays' life insurance and pensions subsidiary. The operation was censured by the Securities and Investments Board, the chief City regulator, last summer for shortcomings in the training and management of its sales force.

Abrahams is an experienced regulator, who was chief enforcement officer at Lautro, one of the PIA's predecessors, and is currently head of the PIA's product provider department where he is responsible for monitoring and investigations among 450 organisations.

The appointment, which he is due to take up in March, is among the most high-profile moves recently from financial regulators to the sector they regulate.

Abrahams' career started at Saatchi and Saatchi where he was a copywriter, before moving over to a series of jobs in marketing financial services. *Alison Smith*

Ian Watson, a dairy farmer with 140 cows near Carlisle, Cumbria, has been elected chairman of Milk Marque, the new farmers' co-operative which was set up to replace the Milk Marketing Board.

Watson, a former vice-chairman of the board, assumes the post at a critical time for the producers' body. Since its inception in November when the £3.3bn milk market in England and Wales was liberalised, Milk Marque has faced strong criticism from the dairy industry.

The Dairy Industry Federation complain that the co-operative, which controls 65 per cent of supplies in England and Wales, is abusing its monopoly power by pushing up prices. The Office of Fair Trading is looking into the matter and will decide in coming weeks whether to launch a formal investigation. *Deborah Hargreaves*

Agnew's old team-mate joins Lasmo

Rudolph Agnew, the former chairman of Consolidated Gold Fields, has teamed up once again with his old finance director, Antony Hichens. Agnew, chairman of Lasmo since May, has hired his old numbers man to be deputy chairman of Lasmo, one of Britain's dwindling band of independent oil companies.

Agnew, 60, and Hichens, 58, know about unwelcome takeovers so it is not totally surprising that they have ended up together at Lasmo, which rebuffed an unwelcome takeover bid from Enterprise Oil last year. They were the two key players in the long-running contested battle for control of Consolidated Gold Fields, Britain's second biggest mining finance house, which ended in 1989 when Hanson bought the company for £3.5bn.

Since then, they have kept in touch and helped float Federated Aggregates, a Canadian company, now renamed Global Stone, whose market capitalisation has jumped from C$15m to C$100m in little more than a year. Agnew has stepped down as chairman of this company following the announcement that he is to take over as chairman of Redland next May. Hichens was Redland's financial director before joining Consolidated Gold Fields in 1981.

"We have always worked very well together," says Agnew. "I am a strategic thinker and get bored very easily, while he (Hichens) is very diligent and stern on financial matters."

Hichens, currently chairman of Caradon and deputy chairman of Courtaulds Textiles and Candover Investments, will take over from John Cordingley as deputy chairman following Lasmo's agm in April. Cordingley remains on the board until Lasmo's agm in 1996.

Nigel Turnbull, finance director of Rank Organisation, has also been appointed a non-executive director of Lasmo. He is a former finance director of Tricentrol. *William Hall*

■ Logica, the UK-based computer services group which has ambitions to grow, particularly overseas, has strengthened its board with the appointment of three non-executive directors.

The three are Frank Barlow, 64, managing director of Pearson, owner of the Financial Times, Elizabeth Filkin, 53, adjudicator for the UK Inland Revenue and Customs & Excise, and Richard Wakeling, 48, formerly Johnson Matthey's chief executive. This will be Barlow's first non-executive directorship since he took over as Pearson's managing director five years ago.

They will join the four existing non-executive and five executive directors at Logica where the management team has also been reshaped by Martin Read since he took over as chief executive in mid-1993. *Paul Taylor*

■ Admiral Sir Brian Brown, 60, a former chief of naval personnel, has taken over as non-executive chairman of P-E International, Britain's oldest management consultancy. He replaces George Cox, 54, who left last month to be chief executive of the UK arm of Unisys, the US-based information technology group.

Admiral Brown, who was responsible for introducing the policy allowing WRNS to serve at sea and in the air, retired in 1991 and has been a director of Cray for the past three years. Cray acquired P-E in October 1993.

Other non-execs

■ Brandon Gough, former chairman of Coopers & Lybrand, at NATIONAL POWER.

■ William Shaw, chairman of Airsys Communications Technology and L.S. Holdings, as chairman at SOUTHERN BUSINESS GROUP; having split the role, David McErlain remains as chief executive.

■ Peter Hindley, chief executive of Plantsbrook Group, and Richard Wevill of Causeway Investment Management, at HELENE; Sir Leslie Porter is retiring.

■ S.S. Ghandhi has resigned from UNITED BREWERIES.

ARTS

Neil MacGregor with Veronese's 'The Family of Darius before Alexander', one of the pictures featured in the BBC2 TV series 'Painting the World' which starts on Tuesday

Putting the paintings to the public

National Gallery director Neil MacGregor is intent on making the collection more accessible, writes **Susan Moore**

Neil MacGregor was not the most obvious successor to Sir Michael Levey as Director of the National Gallery in London. A 40 year-old barrister turned academic art historian then editing *The Burlington Magazine*, he had no museum experience nor any scholarly tome to his name.

During the last eight years, however, he has proved an exemplary museum director, an eloquent and passionate defender of the gallery and its traditions of free admission and regular public use, on the national and international stage.

As director, he has overseen the design and construction of the new Sainsbury Wing and a significant re-hang which presents the pictures chronologically rather than by national school. Moreover, as he pointed out to staff at the opening, it had taken less time to build the wing from foundation to finish than repair the escalator at Marble Arch Underground.

In the old galleries, the brown hessian walls, beige labels and grim lighting are gradually giving way to splendidly restored period interiors. The museum's education department goes from strength to strength, and the success of its exhibition programme is ample proof that scholarship and popularity need not be viewed by a museum as alternatives.

MacGregor is the first to point out that he inherited an institution with an adventurous exhibition and education policy, refurbishing the galleries was underway, and money for the Sainsbury Wing was already assured. The question he has spent the last five years addressing is how to make the national collection work for people who are only occasionally in the capital. Says MacGregor: "It is important to remind people who don't live in London that these pictures are their pictures, and make it easier for them to use the collection when they do come. The key thing is to allow them to take possession of what they already own."

A series of loans to provincial museums of one great masterpiece makes the point that public ownership is not just a turn of phrase. Starting in the summer, the TSB is supporting the cost of any school's first visit to the gallery. With the help of a £50 CD-ROM of the entire collection or the recently published companion guide costing £7.50, it is possible for visitors to decide in advance what pictures they want to spend 15 minutes looking at. For MacGregor's intention is "to slow them down. To stop them. To persuade them that it is worth their while spending a great deal of time with one picture on whatever terms they find useful."

To that end, the gallery offers as many different ways as possible into the collection. One of the great surprises of the *Art in the Making* exhibitions, says MacGregor, was how many people found the physical examination of the pictures a useful way in. Exhibitions like the unquestionably "difficult" current (until Jan 15) Michelangelo show that encourage people to look long and hard and then draw their own conclusions, are successful precisely because they force the viewer to engage with works of art rather than aimlessly wander past.

Contemporary art offers another route, whether the work of artists in residence – first Paula Rego, then Ken Kiff and now Peter Blake – or July's show of the transcriptions of gallery pictures made over the course of 35 years by Frank Auerbach. Other ways are entirely ahistorical, like Paul Durcan's performance poetry.

MacGregor suggests another approach in *Painting the World*, four 30-minute TV programmes examining how people have used art to establish their place in the overall scheme of things, to define themselves in relation to God, the past and the swiftly changing present (BBC2, starting next Tuesday).

The series grew out of the re-hang. "It became more obvious," says MacGregor, "that whole groups of artists were tackling fundamentally the same group of questions at the same time in different ways." He feels that both the traditional art historical emphasis on the influence of one artist on another, and the Roger Fry idea of form, have undervalued the content of pictures, and he attempts to recover their meaning. For him, paintings are to be used like poetry or drama to investigate certain aspects of our own experience.

"It is assumed that religious art, for example, can have no relevence for those who do not share a particular view or dogma," explains MacGregor. "It is a pity if people do not use a picture like the Bouts' "Lamentation" as an investigation of loss and grief, or Botticelli's "Mystic Nativity" as an investigation of the power of goodness to overcome evil and change the world." The National Gallery's pictures may have been painted in the past but for MacGregor they are about what is happening now.

His insistence on the universality of great art and the relevence of a collection of Old Masters for a modern city could not be more topical: the city of Cologne – which is likely to receive a further gift of 20th century art from the collector Peter Ludwig – appears to be seriously considering evicting its outstanding and locally important historical collection from the Wallraf Richartz Museum; and in Berlin and Venice, the debate continues over the re-organisation of the city museums (MacGregor has been called in as an adviser in both cases).

MacGregor is alarmed by the way in which the great collections of Europe have been expropriated. "It is vital to insist that the prime users of a collection are the people who live and work in a city, and that it is part of the daily life of as many people as possible. Going to galleries should not be something done only on holiday and involving a great deal of money and half a day.

"The London museums are among the few public collections of Europe that remain an expression of a certain kind of Enlightenment ideal: a belief that the best things ought to be accessible free of charge to everybody. It is an expression of faith that people will be refreshed and changed by the experience." What pleases him is how people in Germany, Holland and Italy are increasingly aware that the London model of museums is the one they want to follow. "The National Gallery has by far the highest proportion of local visitors of any national museum in Europe. It is something to be enormously proud of."

Theatre/**Antony Thorncroft**

Ain't Misbehavin'

The first musical of the year strips everything down to basics. None of that tedious baggage of plot and characters; *Ain't Misbehavin'* delivers two hours straight music by Fats Waller, one of the greatest American songwriters of the 1920s and '30s, performed at the Tricycle Theatre by five of the most lively black artists working London.

If you could pause for breath you might want a little more information about Thomas Waller, who tossed off songs as easily as he tossed off ten course dinners. He played the clown so successfully that he took the US by storm, but spent the occasional night in jail just to prove he was no Uncle Tom. He lived life big and died young.

The show cannot fail (it never has during its many revivals since it began life in New York in 1978) because it concentrates on the jokey Waller, who in spirited numbers like "Your feet's too big" and "Fat and greasy", was wonderfully politically incorrect. And, when not laughing at his Harlem mates, Waller had a nice line in sunny-day romanticism with "Honeysuckle Rose" and "I'm gonna sit right down and write myself a letter", a typically boisterous exercise in self-deception.

All this escapist reverie makes for a most pleasant evening but there is a cold shower when, near the close, the company takes up poses and sings from its collective heart "Black and blue" – as fine a song of black alienation as Billie Holiday's "Strange fruit". Then on to the joint-jumping finale to send everyone out singing their socks off.

Melanie E. Marshall is the impressive big voice in the team and Ray Shell handles the funny stuff well. Debby Bishop and Dawn Hope will loosen up a bit more very soon, and Sean Palmer is the American import who dances. One delight in a show like this is the little-known songs – "When the nylons bloom again", with lines like "get some mesh for your flesh", and "I've got a feeling I'm falling", full of innocent 1920's hope – and some compensation for the shortage of virtuoso piano playing. This is Fats, the popular entertainer, rather than Fats, the jazzman and precursor of swing.

Gillian Gregory and Nicholas Kent teasingly direct, only slowly opening the action up, moving it to the Cotton Club, Waller's spiritual home, after the interval. You could hardly ask for a nicer way to liven up jaded post-festive blues.

Debby Bishop, one of the five lively artists Alastair Muir

Concert/**David Murray**

Zander's Mahler

Mahler Six was was how the Barbican advertised Benjamin Zander's performance with the Philharmonia on Wednesday; and why not? It was after all the sole work in the concert – quite right when it comes off (anything more would be too much), but specially disheartening when it does not. Besides, only proper monuments acquire shorthand nicknames: Mahler's grimly magnificent Sixth Symphony is one of those.

In Zander's case, the familiarity has been earned long and well. London-born, and now I should guess in his late fifties, he studied conducting with Norman del Mar, but made his eventual career in academic music and in America. This was his first London appearance. He has come to a wider public ear not by establishing himself as a podium star, but by cultivating a few chosen works with passionate, fastidious, almost fanatical loyalty to the texts.

Mahler's scores are notorious for their detailed conductor's-markings, usually the fruit of Mahler's own practical experience in performing them. The smallest nuances of tempo, tiny breath-pauses, subtly distinct dynamics for simultaneous instrumental voices: trying to observe them all might mean locking oneself into an interpretative straitjacket. Zander ran that risk, and achieved a performance as forcefully compelling and superbly proportioned as any I have heard.

It was not particularly "beautiful", but it was strong enough to make that seem beside the point. The orchestral *tuttis* often had a raw sound, crowded with striking detail but not very well-combed; the quieter music was nearly always two or three degrees too loud (I think they like that in America). In the most limpid passages Zander showed little knack for drawing the lyrical best from his Philharmonia players. On the other hand, among all our London bands the Philharmonia is the one for whom svelteness and sheen are practically second nature; somehow this conductor had got them to set all that aside and concentrate ferociously upon the musical argument, in large and in little.

There were huge rewards in that, crowned by the magisterial sweep and drive Zander brought to the monster Finale. Not one dropped stitch, not a moment's uncertainty. Though Mahler meant it to be heard as "tragic" and ultimately defeated, it is also a grand display of his powers of dramatic construction in music. In a rare (and extraordinarily faithful) performance like this one, it can be rivetting, exhilarating and draining all at once. It was.

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INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERTS

Het Concertgebouw Tel: (020) 671 8345

● Royal Concertgebouw Orchestra: conducted by Valerie Gergiev plays Oestwolskaja and Shostakovich at 8.15 pm; Jan 18, 19

● Royal Concertgebouw Orchestra: with soprano Inga Nielsen, and mezzo-soprano Elisabeth Laurence. Charles Dutoit conducts Lutoslawski, Debussy, Stravinsky and Bartók at 8.15 pm; Jan 13, 14

GALLERIES

Van Gogh Museum Tel: (020) 570 5200

● Odilon Redon: retrospective of the French artist's work with over 160 paintings, etchings and lithographs from public and private collections; to Jan 14

■ BERLIN

OPERA/BALLET

Deutsche Oper Tel: (030) 341 9249

● Ballet Evening: conducted by Sebastian Lang-Lessing. Nacho Duato, Glen Tetley and Harris Mandafounis choreograph works by Debussy, Poulenc and Stravinsky at 7 pm; Jan 14 (6 pm) , 17, 19

● Der Rosenkavalier: by Strauss. Conductor Jiří Kout, production by Götz Friedrich at 6 pm; Jan 15

● Madama Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani at 7 pm; Jan 18

● Zar und Zimmerman: by Lortzing. Conducted by Hans Hilsdorf, produced by Winfried Bauernfeind at 7 pm; Jan 13 (8 pm)

■ FRANKFURT

GALLERIES

Schirn Kunsthalle Tel: (069) 29 98 82 11

● Denis Stock - Photographs 1951-1971: retrospective of the photographer, who amongst other things photographed some of Hollywood's most famous names; to Jan 15

■ LONDON

CONCERTS

Barbican Tel: (071) 638 8891

● Briggite Fassbaender: the mezzo-soprano with the Academy of London conducted by Richard Stamp plays Beethoven and Mahler at 7.30 pm; Jan 16

Queen Elizabeth Hall Tel: (071) 928 8800

● Cantabile: four man vocal harmony group performs songs of love and war at 7.45 pm; Jan 17

● Messiah: by Handel. James Gaddam conducts the London Orpheus Orchestra and the London Orpheus Choir at 7.30 pm; Jan 15,

● The London Philharmonic: conducted by Elgar Howarth plays Gabrieli, Stravinsky, Birtwistle and Byrd/Howarth at 7.45 pm; Jan 16

GALLERIES

British Museum Tel: (071) 636 1555

● Ancient Egypt and Contemporary Art: 12 works commissioned by the museum alongside the existing collection of ancient Egyptian relics; to Jan 19

● Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23 (Not Sun)

National Gallery Tel: (071) 839 3321

● The Young Michelangelo: small exhibition of the artist's early work. Part of the 'Making and Meaning' series; to Jan 15

Victoria and Albert Tel: (071) 938 8500

● Warworks: women photography and the art of war; to Mar 19

OPERA/BALLET

English National Opera Tel: (071) 632 8300

● Figaro's Wedding: in house debut for conductor Derrick Inouye at 7 pm; Jan 14, 18

Royal Opera House Tel: (071) 340 4000

● Cinderella: music by Prokofiev. Created by Fredrick Ashton in 1948, this was the first full-length ballet by an English choreographer at 7.30 pm; Jan 14

● Cosi Fan Tutte: by Mozart. A new production directed by Jonathan Miller. Conductor Evelino Pidó. In Italian with English surtitles at 7 pm; Jan 18

● Otello: by Verdi. Conductor Carlo Rizzi, director Elijah Moshinsky. In Italian with English surtitles at 7.30 pm; Jan 13, 17

● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell at 7.30 pm; Jan 16, 19

THEATRE

National, Lyttelton Tel: (071) 928 2252

● Out of a House Walked a Man: by Daniil Kharms. A Royal National Theatre and Theatre de Complicite co-production of a collection of musical scenes by the Russian absurdist writer at 7.30 pm; Jan 17, 18 (2.15 pm) , 19

■ MADRID

CONCERTS

Fundación Juan March Tel: (91) 435 48 40/435 42 40

● Henry Purcell and Other English Composers: a series of concerts of works by English composers such as Purcell, Tallis and Gibbons at 7.30 pm; Jan 18

■ NEW YORK

CONCERTS

Alice Tully Hall Tel: (212) 875 5050

● Garrick Ohlsson: pianist, begins a six recital series covering the complete solo piano music of Chopin at 3 pm; Jan 15

OPERA/BALLET

Lincoln Center Tel: (212) 721 6500

● Heather Watts Final Performance: New York City Ballet principle dancer Heather Watts gives her last performance in George Balanchine's 'Bugaku' and Peter Martins' 'Valse Triste' at 7 pm; Jan 15

Metropolitan Tel: (212) 362 6000

● Die Fledermaus: by J. Strauss. Sung in German with English dialogue at 8 pm; Jan 14 (1.30 pm) , 18

● L' Elisir d' Amore: by Donizetti. Produced by John Copely, conducted by Edoardo Müller at 8 pm; Jan 14, 17

● Le Nozze di Figaro: by Mozart. Produced by Jean-Pierre Ponnelle, conducted by James Levine at 8 pm; Jan 16

● Madama Butterfly: by Puccini at 8 pm; Jan 13

● Simon Boccanegra: by Verdi. A new production directed by Giancarlo del Monaco. James Levine conducts the opening night cast of Cheryl Studer, Plácido Domingo and Vladimir Chernov at 8 pm; Jan 19

THEATRE

Vivian Beaumont Tel: (212) 239 6200

● Carousel: revival of the 1945 Rodgers and Hammerstein musical at 8 pm; to Jan 15 (Not Mon)

■ PARIS

CONCERTS

Champs Elysées Tel: (1) 47 23 37 21/47 20 08 24

● Nathalie Stutzmann: contralto and pianist Inger Södergren plays Schumann, Debussy and Tchaikovsky at 8.30 pm; Jan 17

● Soirée Brahms: part of the 'Prades aux Champs Elysées' series, featuring violinists Régis Pasquier and J.-Jacques Kantorow at 8.30 pm; Jan 18

● Virtuosos of Moscow: violinist Vladimir Spivakov plays Haydn, Bartók and Tchaikovsky at 8.30 pm; Jan 16

GALLERIES

Georges-Pompidou Tel: (1) 42 77 12 33

● Kurt Schwitters: exhibition of works by the German Dadaist; to Feb 20

Institut du Monde Arabe Tel: (1) 40 51 38 38

● Delacroix in Morocco: Delacroix's visit in 1832, when he was 34, made a lasting impression on his art; to Jan 15 (Not Mon)

Musée Du Petit Palais Tel: (1) 42 65 12 73

● From Bhagdad to Isphahan: 70 Islamic manuscripts evoking the ancient civilisation of central Asia; to Jan 15 (Not Mon)

■ THE HAGUE

GALLERIES

Gemeentemuseum Tel: (070) 33881111

● Piet Mondrian: exhibition of 147 works on the 50th anniversary of the artist's death; to Apr 30

■ WASHINGTON

CONCERTS

Kennedy Center Tel: (202) 467 4600

● National Symphony Orchestra: with soprano Elizabeth Futral, mezzo-soprano Claudine Carlson and the Choral Arts Society of Washington. Leonard Slatkin conducts Ravel and Mahler at 8.30 pm; Jan 13, 14, 17 (7 pm)

OPERA/BALLET

Washington Opera Tel: (202) 416 7800

● Semele: by Handel. Conductor Martin Pearlman. Roman Terleckyj directs a Zack Brown production at 8 pm; Jan 13, 16 (7 pm)

● The Bartered Bride: by Smetana. Conducted by Heinz Fricke. In English at 8 pm; Jan 19

● Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keene at 8 pm; Jan 14 (7 pm) , 18

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Rivermill House, the British Gas headquarters beside the Thames in London, bears little resemblance to a besieged fortress. But the company's top executives believe they face a sustained attack against the company's radical restructuring.

They also fear that they may be about to offer fresh ammunition to their critics as they press ahead with their ambitious corporate reorganisation to deal with competition in the domestic gas market which starts in 1998.

"There are 16 more banana skins out there, and maybe more," said chairman Richard Giordano yesterday, as he and Mr Cedric Brown, chief executive, surveyed the public relations damage from the steady barrage of criticism that has been directed against the company for the past two months.

The campaign began with the announcement in November of a pay rise for Mr Brown, an engineer who has spent all his life with the company, that increased his basic pay by 75 per cent. That was followed by leaked revelations that British Gas was considering cutting the pay of some workers in its high street shops.

Other press stories included plans to reduce the amount spent on some pipeline inspection, raising safety fears.

The wave of negative publicity has upset the company's top managers, who have spent much of their time over recent years in bitter political battles over the abolition of the company's monopoly on the supply of gas to residential and smaller business customers.

Executives had hoped that the government's decision last autumn to open up the market to competition would allow them to proceed with radical restructuring to meet the new challenges, in one of the most ambitious such exercises undertaken in recent years by a British company.

However, the task of transforming the company from its previous, public service orientation to a purely commercial concern promises to be as politically contentious as the competition debate.

British Gas blames politicians for much of its current problem. It says, for example, that recent allegations that it was cutting back on the safety of its pipeline network were "politically inspired". Safety standards are set by the Health and Safety Executive, and any cost savings it might make would come from the introduction of new technology, not a reduction in standards.

Richard Giordano (left) and Cedric Brown: pressing ahead with reorganisation

The heat is on

The top team at British Gas speaks to Robert Corzine

It also believes that most of its critics have failed to give it credit for embarking on a radical re-organisation to prepare it to play a prominent role in the rapidly growing international gas market.

British Gas is also frustrated by the notion underlying some of the criticism that it should maintain parts of its business, such as gas equipment servicing, which are losing money on anything other than a purely commercial footing.

Mr Giordano, the US lawyer brought in to the company to help change its culture, acknowledges that British Gas has "failed to educate the outside world about what we have to do". As a result, consumers have reacted to the withdrawal or replacement of some services with the feeling that "we've taken something away that's been warm and comfortable."

He rejects arguments that recently privatised utilities such as British Gas should act differently from other commercial enterprises. "The public does think it has certain rights, but that's not the reality," he says. As a publicly-quoted company, its duty is to its shareholders, and the institutional shareholders have given their full backing to their efforts.

The combative mood at Rivermill House is reflected in both men's determination to proceed with the current restructuring proposals. They say it would be commercial suicide if British Gas turned back from its plan to split the company into five, self-supporting business units.

The twin pressures of full competition in the domestic market in 1998 and a "tough" price cap of the Retail Price Index minus four percentage points imposed on British Gas by Ofgas, the industry regulator, make it "imperative to lower the company's cost base by £600m a year," says Mr Giordano.

The company is also required to separate TransCo, its gas transportation network, from the domestic gas sales division.

Mr Brown says that if British Gas had not acted to prepare itself for competition, it would have "put all 60,000 jobs within the company at risk". The alternative, of reducing the staff by 25,000, should ensure the viability of those remaining. The company hopes that this can be achieved by voluntary schemes and that there will be no need for compulsory redundancies.

Mr Brown is less certain, however, about the impact of the reorganisation on the public perception of the company. "We don't want to leave the customer not knowing who to contact. We are concerned about losing our single identity."

There is more conviction when they speak about the technical revolution that will accompany the restructuring. This promises to help turn loss-making divisions into commercially viable units.

Service engineers, for example, are being equipped with portable computers that will help to identify defects in gas equipment. They will also allow them to order parts from a new just-in-time spare parts network modelled on the system used by Marks & Spencer, the retail group.

Mr Giordano calls it "British Gas entering the 1960s". But the planned changes to the service division also mean that there will be fewer service engineers handling more calls.

Mr Giordano accepts that such changes create public relations problems. But he denies that they have seriously hit morale among the workforce, despite the series of embarrassing leaks of documents to the media. He said he had seen similar leaks when he was on the board of the Central Electricity Generating Board in the run-up to its privatisation.

Mr Brown, however, admits that there is still uncertainty among many employees over their future, and wants to end it as fast as possible so that the company does not lose good people. He had been "surprised" at the calibre of some of the workforce who had decided to take up the company's redundancy package.

Both men accept that more surprises are likely in the months to come as the restructuring programme enters its most intensive phase. And a further airing for the company's critics will take place on January 24 when Mr Brown appears before the Commons select employment committee to answer questions about his proposed pay package.

A big public relations exercise will now be mounted to avoid repeating the damage to the company's image of the last few weeks. For the moment, the company is defiant and resolved to continue with the restructuring.

Press feels the pressure

Andrew Jack on the problems facing French newspapers

The French daily newspaper Le Monde, for 50 years the epitome of serious French journalism, this week became the latest publication to relaunch itself with a *nouvelle formule*, or redesigned format, in a move reflecting the crisis in the national media.

Higher costs, falling revenues, old-fashioned working practices and changes in the tastes of the French in their search for information have forced the newspaper industry to fight harder for profitability.

"The situation of the press is extremely fragile," says Mr Yves Agnès, director of the journalists' training centre in Paris. "There has been a certain stagnation and lots of pain. There are fewer and fewer national papers."

In recent months, the dailies Le Matin, Le Jour and Le Quotidien de Paris have closed. The weekly L'événement de Jeudi is currently struggling for survival in the French bankruptcy courts, and a number of other publications are generating large losses.

Libération, a Paris-based daily paper which launched a new 80-page format in October, recently asked its shareholders to stump up a second tranche of FFr75m (£9m) as part of a FFr200m recapitalisation due to completed by the end of this year.

Many other papers have been swallowed up by large conglomerates. Le Figaro, France Soir and several regional papers are owned by the secretive Hersant Group, which is believed to be heavily indebted.

"We are entering dark years for the independent press," says Mr Christophe Nick, a former executive at Actuel, the trendy cultural magazine. Actuel is a case in point: it began as an underground paper in the 1970s, rose to prominence as a glossy periodical in the 1980s and then slumped to the point of closure with its last issue this month. "You don't have the chance to make an error any more," says Mr Nick.

For a country that takes great pride in its literary tradition, declining circulation has become an embarrassing fact of life for national daily newspapers. Readership has dropped from a peak of 6m just after the second world war to about 2.5m today.

Le Monde epitomises the trend. As the essential political accessory of students protesting in Paris during the troubles of 1968, it had 1m readers.

In the 1990s, circulation has languished at about 350,000 copies a day, and it reported losses of FFr53m in 1993.

In a recent ignominious snub, President François Mitterrand, who has been criticised for his war service and the record of his socialist presidency, admitted last year that he no longer read the paper.

Advertising revenue has fallen at the same time as circulation has declined

Last month, the company that publishes Le Monde changed its legal structure – giving it a more conventional corporate form – as part of an effort to raise FFr220m. It has, however, pledged that its journalists will retain a veto over editorial decisions, the feature of the paper's management that has guaranteed its independence.

The redesign has barely changed the newspaper's outward appearance, with modest tweaks to its typeface and layout. However, Mr Laurent Greilsamer, one of Le Monde's editors and head of its redesign team, denies suggestions that the new format is simply *toilettage* or minor grooming. The relaunch is intended to strengthen its coverage in areas such as international and business news and analysis.

Paradoxically, the paper's pioneering lengthy analyses and coverage from foreign correspondents is now widely copied, reducing its competitive advantage.

At the same time, the newspaper industry faces a number of obstacles to growth, says Mr Greilsamer. One is the postwar monopolistic system through which all newspapers must be distributed. "We live with a system of distribution from the 1940s," he says.

Home delivery has never traditionally formed a part of this inflexible system, so most national papers rely on sales through kiosks each day. Yet the shift in the past few years of many government and company headquarters into the suburbs of Paris, where vendors are rarer, has made readers harder to reach than ever.

Le Monde has also been shackled by an old-fashioned, heavily unionised "artisanal production system", according to Mr Greilsamer. This dates from the 1960s, when Le Monde had half the number of staff it has today, and contributes to high costs and difficulties in making new investment or reorganising working practices.

Rising paper prices – which have triggered cover price increases for many of the country's regional titles – have also added to Le Monde's costs. The paper, which is already the same or more expensive than its competitors, has ruled out another cover price increase.

However, declining readership and economic gloom have not affected all the print media so badly. France supports a far stronger weekly news magazine industry than elsewhere – with titles such as Le Point, L'Express and Le Nouvel Observateur. There has also been an increase in niche market periodicals.

And the regional press appears to remain strong and profitable. Popular daily Ouest-France is the largest-selling paper in the country, selling 800,000 copies a day through different localised editions – nearly double those of Le Parisien or Le Figaro.

Broadcasting deregulation during the 1980s has added to the competitive pressure on the national newspaper industry, with the arrival of specialist radio news channels such as France Info. "French readers now live in an environment of good information," says Mr Greilsamer. "They have less time to read."

The decline in circulation of French national newspapers has been accompanied by falling advertising revenue – the principal source of revenue. Since the Gulf war, economic recession has hit newspapers and magazines hard, in particular cutting sharply their classified property and job advertising revenue.

Legislative changes have exacerbated the fall in advertising. The Loi Evin placed restrictions on tobacco and alcohol advertising in 1993, while the Loi Sapin in the same year introduced more competition in advertising and accelerated the shift by advertisers to television and radio.

Given such pressures, it is unlikely that Le Monde's redesign will be the last such exercise among French national newspapers, which are likely to suffer further casualties over the next few years.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Platform removal not opposed

From Dr Harold Hughes.

Sir, The offshore industry welcomes David Lascelles' article ("Oil's troubled waters", January 11) on decommissioning of oil and gas installations in UK waters at the end of their useful lives. However, the impression was perhaps given that the industry is somehow opposed to disciplines that will have ultimately to be applied.

This is not the case. We recognise fully the need for government to balance what is finally to be decided against the various interests involved. Moreover, many of the decision areas are already proscribed by international agreements (principally those set out by the International Maritime Organisation) to which the UK government has committed itself with, we might add, the oil industry's broad support.

Smaller platforms in shallow water will certainly be removed in toto. It is only the larger, heavier platforms in deeper waters that will attract case-by-case analysis by government. Our main concern here is that such analysis should be swiftly and expeditiously completed so that operators' plans for decommissioning are not held up. Such plans will need to be already sensitive to safety and environmental concerns and to be cost-effective in practice. Government departments need to work together to ensure that responses to Operators' decommissioning proposals are handled competently, using guidelines developed well in advance in line with the requirements of the UK Petroleum Act (1987).

Fortunately, as David Lascelles points out, use of the UK's valuable existing infrastructure of platforms and pipelines is allowing the ongoing menu of smaller oil and gas fields to be developed and in the process giving a new lease of life to these facilities.

Harold W D Hughes,
director-general,
UK Offshore Operators Association,
3 Hans Crescent,
London SW1X 0LN

Better bet than trains

From Mr Geoffrey Traylen.

Sir, It has been suggested that only 250 railway stations in the UK will sell a ticket to anywhere ("Rail ticket outlets set to be cut", January 7) while many many more locations will sell a National Lottery ticket.

Can it be assumed that the marketing teams responsible for these outlets rate the chances of winning the lottery greater than that of catching a train?

Geoffrey Traylen,
15 Holmbush Road,
London SW15 3LE

Retail not subsidised

From Philip Daubeney.

Sir, Electrical retailer Dixons' claim that regional electricity companies are "subsidising their retail offers with cash from electricity distribution" has no substance (UK Company News, January 12).

Electricity companies are not permitted to subsidise loss making operations for core business revenues, nor would it be economic sense for them to do so. This is monitored closely by the electricity regulator, Offer, and a similar claim by Dixons was rejected by the Office of Fair Trading in November 1993.

Philip Daubeney,
chief executive,
Electricity Association,
30 Millbank, London SW1

Test for outdoor training

From Mr Peter Martin.

Sir, The problem for many outdoor trainers ("Rise and fall of corporate thrills", January 9) is they themselves would benefit from a rather different kind of outdoor training.

Many are very skilled at setting up testing tasks such as river crossings and using the lever of peer group pressure to develop courage, competitiveness, physical prowess and individual achievement. But these qualities and the kind of hierarchical command and control culture in which they are useful are outmoded.

Corporate clients want to replace command with consultation and control with teamwork. This can be especially galling for women, who find themselves faced with contrived physical challenges through which they are expected to shake off the behaviour patterns previously only adopted for survival in (male) corporate cultures and learn (from men, usually) how to network, communicate and collaborate – ie do what tends to come naturally to them!

The outdoors does offer unparalleled opportunities to learn from nature about relationships and to develop a more systemic or holistic view of change. These are crucial if we are to succeed in reducing the environmental cost of wealth creation and achieve well-being through ecologically, as well as economically, sustainable business.

Peter Martin,
Natural Systems Europe,
78 Prospect Road,
Tunbridge Wells, Kent

AAAAgony

From Mr Andrew Given.

Sir, I was amused by your item about the naming of plumbers (Observer: "Plumb loco", January 6). But it is perhaps not entirely surprising that, in the cut-throat and not always entirely ethical world of the plumbing industry, it proves necessary to resort to such cheap gimmicks.

I was more than a little surprised recently to find, shortly after arriving in the US, that dentists here resort to the same gimmick (eg, AAAAAAA Dental Care, AAAAAA Midtown Denture, etc). Perhaps this is a discreet way of telling potential customers the sort of noise they will make in the chair (or perhaps when they get the bill?).

Andrew Given,
1177 Avenue of the Americas,
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US

Deming: his philosophy transformed people's lives

From Mr J Michael Stockbridge.

Sir, I am responding to Mr Mark Jowitt's letter (January 7) about the late Dr W Edwards Deming. Three things particularly distinguish Dr Deming's management philosophy. First is his insistence that every enterprise, public and private, should be managed in such a way as to bring benefit to all of those people who are significantly affected by it: clients, employees, customers, owners, neighbours (in both the local and the broader sense), suppliers, the public and so on, and that those benefits should be reasonably balanced.

Second, that, as far as possible, significant elements of performance, both cause and effect, should be identified and rigorously measured and the results of those measurements continuously subjected to formal statistical analysis by senior managers trained in that technology. Third, that management at every level is inescapably responsible for driving those principles forward, each manager within his or her scope of control.

Deming's humour softened his irascibility. His kindness and patience with those whom he thought were genuinely trying – no matter how inept – were in contrast to his flashing anger and contempt for what he saw as managerial arrogance all round him.

"How could they know?" he asked of those whose training had been neglected, and "They are victims too!"

"The important things of life," he would say, "are unknown and unknowable: unmeasured and unmeasurable." It took me a long time to learn what he thought were the important things of life: courage, kindness, steadfastness, loyalty, compassion, hard work, humour, professionalism, patience and love.

His first words to me when I was introduced to him in 1983 as a mid-level manager in General Motors were: "You don't know what your job is. You don't even know what questions to ask!" ...words that set me on a course that transformed my life.

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FINANCIAL TIMES

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Friday January 13 1995

A US-Japan trade deal

The agreement on liberalisation of Japanese financial services, announced at this week's summit between US president Bill Clinton and Mr Tomiichi Murayama, the Japanese prime minister, is welcome both in its matter and its manner. It embodies what may prove a useful liberalisation of the Japanese market; it is an essential step towards completion of the multilateral negotiations on financial services held over from the Uruguay round; and it appears to mark a return to relative harmony between the world's biggest economies. At a time of considerable turbulence, the last is not the least of its advantages.

The Japanese will now allow foreigners to manage more of the US$1,000bn in pension funds and US$500bn in investment trusts than hitherto. But they have also clung to their traditional combination of maximum caution over deregulation, with maximum concern for domestic interests.

Previously, public pension funds could only be managed by trust banks or life insurance companies. Now limited partnerships can be set up to manage such funds, although these must then be sold via trust banks, presumably to protect the latter from competition. The regulation that private pensions funds needed an eight-year track record before being allowed to allocate a limited portion of their cash to independent managers has been reduced to – wait for it – three. Also included are agreements on the valuation of assets, which will make it easier to fire underperforming managers, on restrictions governing asset-allocation, which will no longer apply to individual managers, and on the number of licences (now only one) needed to advise both pension funds and investment trusts.

Giant leaps

All this does look modest. But the starting point is a foreign share in the fund-management market of 0.2 per cent. However small this step by Japan, it may permit giant proportionate leaps for foreign-fund-manager-kind.

An important implication of the present agreement is that the US can now turn its attention toward opening financial services in other restricted markets. The US has insisted that it will not proffer non-discriminatory access to the US market (under the "most-favoured nation" principle) unless satisfactory deals are reached by July. The US fear is that it would otherwise lose leverage over its more recalcitrant negotiating partners. The hope must be that other negotiations will now be completed in time.

Domestic concerns

One lesson of this agreement is how foreign pressure can support domestic concerns, in this case worry about the performance of pension funds – a highly important issue within Japan's rapidly ageing society. The result has been a clash between the Ministry of Health and Welfare and the conservative Ministry of Finance, with foreign pressure helping to swing the balance. The potential for foreigners to coalesce with domestic pressure in this way was brought out by a report, *Measuring the Costs of Protection in Japan*, released by the Washington-based Institute for International Economics toward the end of last year, concluding that the cost to consumers of protection against imports of goods, mostly in the form of non-tariff barriers, was US$75-110bn in 1989.

Another lesson is the mileage to be obtained out of deregulation, rather than quantitative targets for purchases by private firms. The latter approach is, however, still being taken in the vexed area of motor-vehicle parts, even though it is – as Mr Shoichiro Toyoda, chairman of Toyota, has remarked – unreasonable of the US government to negotiate directly with private firms.

The most important lesson is that it is possible to combine persistent pressure with harmonious international relations, at least when the US economy is strong and the dollar weak. Conflicts should be handled still more harmoniously now that the World Trade Organisation has been established, armed as it is with a far more powerful dispute-settlement procedure. Japan must indeed be pressed to live up to its responsibilities. But the best way to do this is multilaterally. The opportunity is now there. It should be used, starting perhaps with auto-parts.

Scotland and the union

It is increasingly evident that the future of England's union with other parts of the United Kingdom will dominate British politics at least until the next election. In Scotland there has for some years been a broad consensus on the desirability and form of a devolved parliament. The Labour party is firmly committed to legislating for Scottish devolution in its first year in office. It has now to show this can be done in a manner acceptable to the rest of the UK, which its current proposals leave open to question.

Yesterday's clash between Mr Gordon Brown, the shadow chancellor, and Mr John Major broke no new ground. Labour remains committed to the scheme agreed by the Scottish constitutional convention before the last election. This is for a Scottish parliament with limited tax-raising powers, responsible for internal Scottish affairs currently controlled by the Scottish Office. The Conservatives remain adamantly opposed, claiming that devolution is a costly irrelevance and a step towards the dissolution of the UK.

The essential Tory audience is not Scotland but England, which Mr Major hopes to frighten with the prospect of protracted political turbulence. In Scotland, the Tories won only 11 of the 72 seats at the last election, and secured well under a third of the vote for the third time running. They still did better than the Scottish National Party, which favours independence, but parties committed to devolution within the UK – Labour and the Liberal Democrats – took more than half the vote.

Modest proposals

Devolution has a respectable enough international pedigree. Every other large state within the EU has regional government in some form; and while devolved or federal government is not a panacea for inter-regional tension – witness Canada – it can help to reduce it. The sustained determination of a large majority of Scots to secure greater autonomy will have to be answered at some stage. Failure to do so could be more dangerous to the union than Labour's relatively modest proposals for devolution.

A devolved parliament would give Scotland one level of government more than England and Wales, but the number of executive tiers already varies across the UK. Nor would it necessarily disrupt the economic relationship between England and Scotland. There is no reason why subsidies to Scotland should be increased or reduced by devolution.

That leaves three issues: the implications for Wales and England; the future of Scottish representation in parliament; and the voting rights of Scottish MPs after devolution.

Local government

It would be a mistake to include England in a grand devolution scheme for the entire UK, as Mr Brown did yesterday. There is evident support for devolution in Wales which might justify legislation after Scotland. Yet England lacks agreed regional boundaries, let alone regional parties and serious political movements. The priority must be to restore the vitality of English local government.

As for parliamentary representation, the favoured status currently enjoyed by Scotland could not be justified after devolution. The Scots currently have a parliamentary seat for every 54,000 electors; the English, one for every 69,000. A fair division would involve Scotland losing 13 seats out of 72, which is a modest price to pay for its own parliament.

The issue of voting rights for Scottish MPs causes much heat when argued in terms of first principles. The Scots, it is said, ought not to be able to vote on English legislation. Yet a system of "second class" Scottish MPs, unable to vote on English bills, would be difficult to implement and could lead to protracted constitutional crises. In the interests of stable government, the English would do best to give the Scots full voting rights with the same grace that they have long tolerated gross Scottish over-representation in the parliament they dominate.

Such an outcome would have rough edges. So does every workable constitution. Labour must show that it is ready to tackle such anomalies. It also needs to think hard about the desirability of instituting regions in England – a dubious policy which could jeopardise the whole endeavour. Yet Mr Major's inflexibility on these issues is not an adequate answer to the tensions within the UK.

Stephen Fidler outlines the likely economic and political consequences of the recent devaluation

Miracle or mirage for Mexico

The image of Mexico as a progressive country fast moving into the developed world, carefully cultivated by former President Carlos Salinas and his cabinet, is shattered.

His successor, President Ernesto Zedillo, only six weeks in office, is fighting a financial crisis triggered by a devaluation of the peso, which many believe should have been carried out by Mr Salinas.

The shocks have rippled through the rest of Latin America, as did Mexico's announcement that it could not pay its debts to foreign banks in 1982.

Given some return to calm in financial markets, the disastrous regional consequences of 1982 should be avoided. Most economists view Mexico's main financial problem as an excess of short-term debt which, helped by the powerful backing offered by the US administration, looks soluble.

But why was it Mexico – so close to the US, so far from God, as Mexicans say – that once again triggered a potential financial dislocation in Latin America? Does the crash mean Mr Salinas's Mexican economic miracle was a mirage?

Many Mexicans, having suffered devastating devaluations roughly every six years since 1976, think that nothing much has changed. "This is the same old story," says Mr Jorge Castañeda, the Mexican academic and writer.

Whenever the country grows at a reasonable rate, say the pessimists, it sucks in imports at an unsustainable level, creating periodic balance of payments crises that are only resolved by recession.

Last year, Mexico's current account deficit – the amount by which the country's payments abroad exceed its receipts for goods, services, interest and dividends – reached $2.2bn a month, or nearly 8 per cent of gross domestic product.

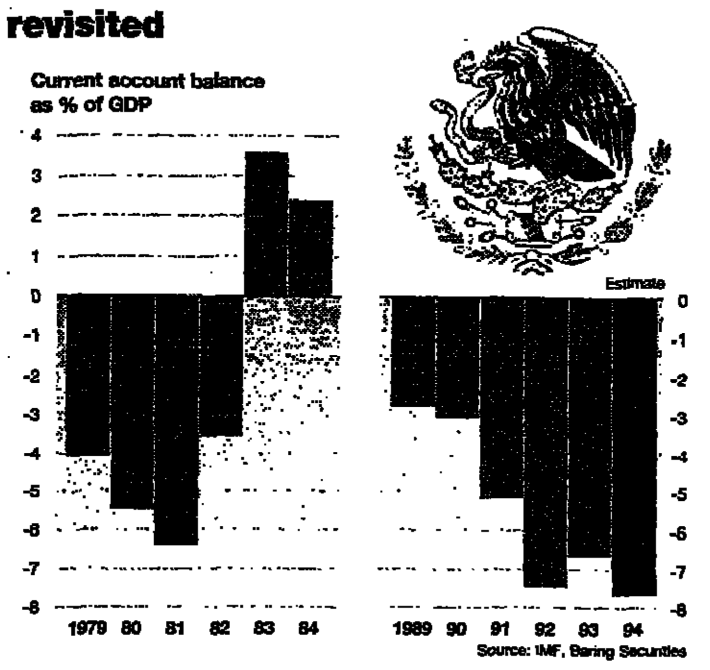
This view suggests that Mexico's enfeebled economy is doomed to a competitive disadvantage with the US, with which it conducts three-quarters of its trade. Furthermore, devaluations do nothing to improve the situation even though imports become dearer, since Mexicans think of prices in dollar terms, not the local currency, anyway.

The optimists, however, argue that Mexico has changed for the better, pointing to significant growth in Mexican export competitiveness. Even at the old exchange rate, exports were growing – at a rate of more than 18 per cent a year from 1986. Oil, which accounted for more than three-quarters of Mexican foreign earnings in 1988, accounts for well under a fifth now. With a competitive exchange rate, this suggests, Mexico's economy could be poised to grow.

"If they get through the next six months," says Professor Victor Bulmer-Thomas, director of the Institute of Latin American Studies at the University of London, "you could see a real take-off in export-led growth."

Mexico: the 1980s revisited

Ernesto Zedillo
President



Source: IMF, Baring Securities

The ability of the Mexican economy to take long-term advantage of a devaluation to increase exports will depend in part on moderation in wage increases. That may be difficult, as workers are likely to be less willing than in the past to accept economic sacrifice.

One certain consequence of the Mexican crisis will be a profound questioning of aspects of the Mexican economic policy mix: an open economy with no exchange controls, a balanced budget and an exchange rate managed to bear down on inflation.

It may be that pegging exchange rates to a strong currency in the Mexican manner will come to be seen as the worst of all worlds: not as firm as arrangements such as Argentina's currency board; not as flexible as floating.

The option of a currency board – where local currency can only be created by the central bank when there are foreign reserves to back it – will seem stronger if Argentina survives current and future speculative attacks. Whether nationalistic Mexico would accept the loss of sovereignty a currency board implies is another question.

More attention is likely to be paid to the Chilean model. Since its own disastrous devaluation in the early 1980s, Chile has allowed the currency to float lower to preserve a competitive real exchange rate. Inflation has been slow to fall, but exports have been encouraged, and the commitment to this policy over several governments has skewed investment into export industry.

Chile, unlike Mexico, has also managed to develop its own savings, substantially reducing its reliance on foreign capital. The national savings rate dropped in Mexico in the early 1990s to 17 per cent of the gross domestic product, while that in Chile has continued to climb, topping 27 per cent last year. This is due to pensions reform and the development of a private pensions sector, which has so far not been matched in Mexico.

Mr Javed Burki, vice-president for Latin America and the Caribbean at the World Bank, says one lesson "is that there has to be much greater reliance on domestic savings for investment". Without foreign capital in the short term, Mexico faces recession. Most economists reckon government estimates of 1.5-2 per cent growth for 1995 and an average 16 per cent inflation rate are too optimistic.

This year interest rates are likely to rise sharply, companies to delay investment projects, and consumers to cut consumption because of economic uncertainty. This will probably outweigh the positive effects of devaluation on production.

According to Mr Peter West, economist at West Merchant Bank in London: "Mexico is likely to undergo a severe recession in 1995. This will bring about a rapid correction in the current account imbalance through a compression in imports. However, it will also have unpredictable financial, political and social consequences. It will be some time before stability returns to Mexico, let alone before the country resumes healthy growth."

The social and political fall-out on a system already under strain has yet to emerge.

The fall in real wages that is necessary for the devaluation to work, will add to pressure on a population, many of whom feel they have borne more than a fair share of sacrifice since 1982. The year-long peasant rebellion in the southern state of Chiapas suggests social pressures will not be suppressed indefinitely.

Sentiment in Mexico has also moved strongly against the former administration of President Salinas – and perhaps against his economic reforms. Privatisation and other reforms were seen as turning a small number of individuals into millionaires and leaving the bulk of the population badly off.

However, Mr Luis Rubio, director of the Centre of Studies for Development in Mexico City, disagrees that the reforms have become discredited: "Mexicans used to look inwards and backwards; now they look outwards and forwards. That hasn't changed with the devaluation; what has changed is expectations."

Nevertheless, the devaluation has pushed Mr Zedillo out of favour: "Zedillo's popularity fell like a stone," says Mr George Philip, reader in Latin American studies at the London School of Economics.

Moreover, while many aspects of Mexico's authoritarian political system remain, Mr Zedillo lacks the power of his predecessors. "He was the first president that didn't have the full support of the ruling party," says Mr Wolf Grabendorff, director of the Institute for European-Latin American Relations in Madrid.

Observers are divided on the likely political consequences. Some, such as Prof Bulmer-Thomas, believe further political reforms will be a casualty of the devaluation.

Others, such as Mr Philip and Mr Grabendorff, reckon that it will speed up the opening of the political system which began under Mr Salinas, as Mr Zedillo's unpopularity feeds through into opposition victories in state and gubernatorial elections this year.

The ability of Mr Zedillo or his party to ignore unfavourable results or to repress opposition will be highly constrained by the increased international scrutiny implied by Mexico's membership of the North American Free Trade Agreement with Canada and the US.

Mr Rubio, who is close to the president, says talks are under way for further political reforms. "There is no choice but to liberalise. This accords fully with his concept of the world and the political reality."

As Mr Philip says: "Zedillo inherited too many millionaires and not enough democracy. He may have resolved both problems in one go."

Grim future for UK's ancien régime

PERSONAL VIEW

Britain is in the midst of a constitutional crisis. But it does not yet recognise the fact. One element after another of the old constitution has come under attack or, more dangerously, become the object of ridicule. The monarchy, Parliament and MPs, the electoral system, the role of the courts, local government, the Church and the honours system have become bones of contention.

Thatcherism – with its appeal to market forces, economic rationality, and self-interest – has been fatal to the British *ancien régime*. Alas, those who promoted the Thatcherite revolution did not understand the implications of their own programme. They did not grasp that they were putting the whole assembly of public institutions under the guillotine and that their programme made constitutional change unavoidable.

Which institutions can both sustain and constrain a market economy? How can values of fairness and community be fostered in a capitalist system? Evidently the market alone is not enough. Indeed, the idea of the market alone is a nonsense – for the state and popular habits and attitudes play a crucial role in structuring market relations.

Former Thatcherites have begun to worry about these questions. John Gray, the Oxford philosopher, has so far recanted that he sees the Tories' embracing of free-market ideology as a form of suicide that is likely to remove them from power for a generation. He urges them to return to what he calls their traditional concern for "nurturing communities and the renewal of civic institutions".

Gray's concerns are timely, but his prescription is unconvincing. It relies on a notion of "community" that is pre-individualist and embodies half-mythical solidarities associated with "cosy" relations of superiority and deference.

Like many former Thatcherites, he does not distinguish between free-market ideology and liberalism as a broader creed. The real failure of Thatcherism was its failure to understand that a market model could be safely imposed only if it was joined to a comprehensive social and political liberalism – the creation of a constitutional framework that fosters democratic forms of community to replace the old aristocratic intermediate bodies.

Liberal fairness must be the goal for Britain. Public policy must seek to promote reasonable equality of opportunity. As a test for social institutions, it need not work at the expense of community. But it will ensure that pursuit of the values of community co-operation, loyalty, mutual involvement, participation and consent are founded unambiguously on social equality and free association. It prevents the appeal to "community" sliding into a yearning for pre-individualist and illiberal forms of social solidarity.

No other western nation has weakened local loyalties in the way the UK has done in recent decades

The British have found it difficult to construct a liberal society because of an aristocratic nostalgia that has tended to rely on subtle class roles regulated by accents and manners to encourage people to believe that they fitted into a community. But it is an illusion to suppose that such comforts rested on "fairness" or the "nurturing of community". They rested on social inequality – and they benefited one section of society disproportionately.

The historical consequence was that one section of British society was able to champion free-market ideas without for a moment assuming that it would ever be subject to the insecurities and risks inseparable from a more egalitarian and competitive social order.

The discontents of Middle England receiving so much attention at the moment should not therefore be misunderstood. They are not calls for a retreat from liberal fairness into a fantasy world of cosiness, under-education and, by implication, deference.

Rather, they are evidence that Thatcherism was a monstrously unbalanced programme and that in attending to market inefficiencies, trade union power and feather-bedding it failed to address larger social issues of fairness in anything like an adequate way.

The chief tenet of liberalism has always been that an excessive concentration of power in central government is dangerous – a danger both to individual liberty and to the "communities" that local autonomy and voluntary associations can help to create or strengthen.

No other western nation has weakened local loyalties in the way the UK government has done in recent decades, treating the country as a *tablula rasa* on which an omnipotent central government can impose forms and boundaries at will.

The centralisation of power is the real enemy of community in Britain. We cannot allow a government that has contributed so much to that development, now to hide behind the banner of community.

Larry Siedentop
The author is fellow in politics at Keble College, Oxford

OBSERVER

Don't regret: Just Forget

■ The motto "Sticks and stones may break my bones, but names shall never hurt me" probably doesn't translate into Japanese.

Japan's conservative ruling Liberal Democratic Party, in government longer than most remember, has chosen a nickname in order to sharpen up its image. Trouble is, it's chosen a mysterious pair of initials – JF – to be presented, in lights, to the party's annual convention next Thursday.

What does JF mean? Well, nothing really, admit the LDP's spin-doctors. They say it's inspired by the J-League, Japan's professional football league, a spectacular marketing success. Voters are free to make their own interpretations, says the LDP; something like Japan Family or Justice and Freedom, it suggests.

The opposition New Frontier Party, also conservative, is having a ball dreaming up unflattering JF readings, like *jubun ni furui*, (really old); or *jitsuryoku ga fusoku*, (impotent or lacking strength).

Morale: Never give the opposition a ready-made stick.

David's goliath

■ David Herro, the 34-year-old Chicago-based money manager who has taken the shine off Maurice Saatchi's new year, may not be in for such a good one himself.

Herro manages the $1.2bn Oakmark International Fund for Harris Associates. In 1993, Oakmark's first full year, Herro produced returns of 54 per cent, placing him in the top three US international fund managers. Last year, however, was a different story, when Oakmark finished down 9 per cent, plunging to 149th of the 157 funds tracked by Lipper Analytical Services.

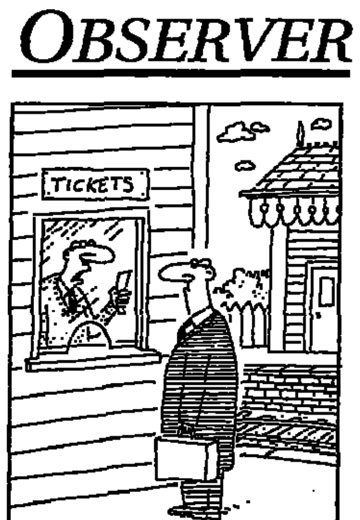
Nor will the fund's investment in Saatchi and Saatchi – estimated at $45m last July and representing 3.6 per cent of the Oakmark portfolio – be helping; Saatchi shares are down 35 per cent since January 1.

Santer claws

■ Will Jacques Santer blink? The president-elect of the incoming European Commission is under pressure from the European parliament to reshuffle portfolios among his 19 fellow commissioners, or face a humiliating vote of no-confidence next week.

Santer knows that any retreat would reinforce accusations of wimpishness which have dogged him since he became everyone's second choice to replace Jacques Delors as the Commission's head.

What will he do to beat off the parliament's vociferous women's lobby, gunning for Padraig Flynn, the wily Irish commissioner in charge of social policy? Flynn's past comments suggesting that Mary Robinson, Ireland's first female president, should have preferred domestic bliss to being president have found him few women friends.



'You'll go where I bloody tell you'

But if he stripped Flynn of his equal opportunities portfolio or otherwise downgraded him, Santer, a Christian Democrat, risks alienating a key conservative loyalist in the Social Democrat-dominated commission.

And what to do with four other commissioners, under fire for either allegedly giving evasive answers to MEPs or failing to do their homework during the past week's confirmation hearings in Brussels? Sweden's Anita Gradin, Ritt Bjerregaard of Denmark, Finland's Erkki Liikanen and Yves-Thibault de Silguy of France have all managed to annoy.

The charge against de Silguy, of being "excessively timid" in answering questions about the future of Europe, has triggered guffaws among those who know him as a technocrat who enjoys flexing his intimidatory skills.

Flagging

■ The Football Association, which runs English soccer, continues to sell off the family silver, spoon by spoon. Yesterday the FA announced a £4m, four-year sponsorship deal for the England team and its home matches. The sponsor is Green Flag.

Who or what is Green Flag? It owns, among other things, the National Breakdown Recovery Club. A match made in heaven – Green Flag will no doubt come in handy should the England team conk out yet again.

Dunn deal

■ Beware what you say about Baroness Dunn, a member of Hong Kong's executive council. David Li, chief executive of Bank of East Asia, has agreed to pay costs and HK$51,000 damages to settle a row with her over an interview he gave Politique Internationale, a French magazine, in 1992.

Dunn says she was defamed by accusations of corruptly misusing her position in various public offices for her benefit and for the companies for which she worked. Her husband, Michael Thomas QC, a former attorney general of Hong Kong, also got dragged into the row.

Unlike Serge Berthier, who wrote the article and who unreservedly apologised to Lady Dunn, Li made no apology. But Lady Dunn says: "The facts speak for themselves. Mr Li paid damages and costs to settle the action."

Mister whippy

■ A stiff fine or a spell inside a relatively relaxed prison may be good enough for UK insider traders; Malaysia has other thoughts, and will shortly add whipping to the list of penalties available for market manipulation, short selling, insider trading and giving misleading information to investors.

"We consider such offences to be very serious," says finance ministry official Mohamad Shariff Abu Samah. "That is why we are amending the act to equate stock market offences with any white collar crime." Gives beating the markets a whole new flavour.

Leg-pull?

■ A TUC press release on the government's new disability bill arrives, with the headline: "New disabled moves – Alright as far as they go".

FINANCIAL TIMES
Friday January 13 1995

Government scraps big privatisation deal

Hungary's state sell-off plans thrown into doubt

By Virginia Marsh in Budapest

Hungary's Socialist-led government cancelled an important privatisation deal and removed the country's reformist privatisation chief yesterday.

The decisions cast doubt on *ambitious plans to raise more* than $1.2bn from privatisations and begin the sale of much of the country's energy sector to foreign investors this year. Hungary's moves come amid growing western concern about the slow pace of privatisation in eastern Europe.

Government officials said the cabinet had decided to cancel the US$57.5m sale of HungarHotels, *the last state-owned hotel chain,* to American General Hospitality, a US investor, on the grounds that the assets had been undervalued and that privatisation negotiations had not been professionally handled.

They said Mr Gyula Horn, the prime minister, had removed Mr Ferenc Bartha, who oversaw the deal, of his position as privatisation commissioner by mutual agreement.

News of Mr Bartha's departure was greeted with dismay by western investors and analysts in Budapest. The index of the Buda*pest stock exchange, which* closed before the cabinet announcement, dropped 66 points to 1,377, the biggest daily drop for nearly a year, on anticipation that the government would cancel the sale, only the second big privatisation to come up since the Socialist-Liberal coalition *took office.*

Mr Bartha, a former central bank governor and head of Banque Indosuez's local operation, was one of the most highly respected and experienced members of a government dominated by former communist officials.

One western investment banker said: "Mr Bartha has a significant reputation as a competent, highly professional person both locally and abroad. He will be difficult to replace and his departure casts doubt over the privatisation process in Hungary."

He said it was "most unfortunate" that Mr Bartha was leaving his post just one month before a *new privatisation law was due to* be discussed by parliament, and that a change in privatisation strategy was now possible.

Analysts said the planned sales of the country's electricity, oil and gas companies this spring were now likely to be delayed and that investor confidence in *Hungary would be shaken by the* government's interference in the HungarHotel privatisation.

Mr Horn personally ordered an investigation into the deal after privatisation authorities agreed *to sell the chain minus one hotel* to American General Hospitality.

The cabinet overruled the sale *decision and demanded a higher* price for the group. AGH rejected the new terms.

NZ minister offers to head trade body to end impasse

By Guy de Jonquières in London and Frances Williams in Geneva

Mr Philip Burdon, the New Zealand trade minister, yesterday *said* he was ready to serve as head of the new World Trade Organisation if member governments could not agree on any of the three official contenders for the job.

The offer coincides with a growing belief among trade diplomats in Geneva that they may need to consider other candidates if the apparent stalemate over the choice is not broken soon.

Mr Burdon said in Wellington that "if a true impasse does develop, the government retains the option of putting my name forward". He added: "It is clear we're not at that point yet."

Another name circulating in Geneva as a possible compromise candidate is Mr Carl Bildt, Sweden's former prime minister. However, his government said it continued to back Mr Renato Ruggiero, a former Italian trade minister and the EU candidate.

*Talk of seeking alternative can*didates was dismissed by an EU official in Geneva yesterday as "totally unjustified" and "pure fantasy". The EU insists Mr Ruggiero is the clear front-runner, favoured by more than half the 125 members of the General Agreement on Tariffs and Trade, the WTO's predecessor.

Other governments say that the eventual decision must be made by consensus and that Mr Ruggiero is supported by neither the US nor Japan. The US backs former Mexican president Carlos Salinas, while Japan supports Mr Kim Chul-su, South Korea's former trade minister.

Some of Mr Salinas' backers admit Mexico's recent financial crisis has damaged his chances by calling into question his achievements as a liberal economic reformer. However, Washington and Mr Salinas' Latin *American supporters continue* officially to stand by him.

Mr András Szepesi, Hungary's Gatt ambassador, who is in charge of the selection process, plans a fresh round of consultations with fellow trade diplomats on Monday. It is thought likely a mid-February target date will be set for a decision on the post.

Mr Alain Juppé, France's foreign minister and chairman of the EU Council of Ministers, and Sir Leon Brittan, the EU trade commissioner, are expected to press Mr Ruggiero's case strongly when they visit Washington this month. Mr Peter Sutherland, the outgoing director-general of Gatt, has agreed to fill the WTO post as caretaker until mid-March.

British troops to end day patrols in Belfast

By John Murray Brown in Belfast

British soldiers are to be pulled off the streets of Belfast during daylight hours from Sunday, in a *further decision by the govern*ment to consolidate the peace process.

The initiative, announced yesterday by Northern Ireland secretary Sir Patrick Mayhew was largely welcomed by the province's political parties. However, the Rev Ian Paisley's Democratic Unionist party *condemned* it as a "crazy concession to the IRA".

Though night patrols will continue, the withdrawl of troops into their barracks during the day for the first time in 25 years demonstrates the government's confidence that the ceasefires announced by the IRA and loyal*ist groups are holding.*

RUC Chief Constable Sir Hugh Annesley announced the decision after consultation with Army GOC Lt General Sir Roger Wheeler about the reduced terrorist threat.

In a statement, Sir Hugh said the position would be kept under *review "in the light of ongoing* assessments of the situation."

Troops have withdrawn from Derry, where the first British troops were deployed in August 1969, to relieve the RUC and protect the nationalist community from protestant mobs. Most areas of the province are now free of *soldiers but 24-hour patrolling* continues in south Armagh and east Tyrone.

Army officials insisted there would be no reductions in the 10,000 troops deployed in Northern Ireland, nor was there any plan to start withdrawls.

Sinn Fein welcomed the announcement but made it clear republicans wanted much more, including the removal of police from nationalist areas.

Mr Peter Robinson, deputy leader of the Democratic Unionist Party and supporter of Mr Paisley, attacked the decision as "yet another crazy concession to the IRA."

Sir Patrick made it clear today that the government could not develop full confidence in the *paramilitaries until "substantial* progress" had been made on the question of decommissioning terrorist weapons. Writing in the Belfast Telegraph, he said: "No-one can claim, for example, to need Semtex, detonators or heavy machine guns if they are truly committed to the democratic process of settling differences.

In London, backbench Conservative MPs reacted cautiously. "This is good news, but this operational decision can be reversed, easily and speedily, if the circumstances change," said Mr Andrew Hunter, chairman of the Tory Northern Ireland committee.

War gives way to bore in Belfast, Page 6

THE LEX COLUMN

Rank's Xerox retreat

Investors were in shock yesterday after Rank's decision to sell a chunk of its extraordinarily profitable stake in Rank Xerox. The share price plunge was understandable, as Rank Xerox will show rapid growth, and Rank's share of that will decline. But Rank's 1994 results, somewhat eclipsed by the impact of the £600m transaction, do demonstrate the potential benefits of releasing the cash from Xerox to invest in wholly-owned leisure and entertainment businesses. These busi*nesses fared well last year, reflecting* the benefits of economic recovery and ever greater leisure expenditure. Customers in businesses from bingo to Butlin's have been spending more on site, thereby allowing strong profits growth in the face of a minimal increase in consumer numbers.

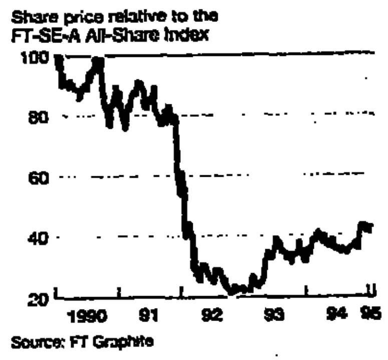
Strategically, the stake in Rank Xerox was bound to be reduced. Rank's position as a minority investor meant it had limited control over the venture's cash flows. Some investors seem disappointed by the price, but Rank had a weak negotiating position, given no likely outside buyers. And the company has at least devised an unexpected strategy for avoiding a *substantial capital gains tax bill.*

Earnings could be diluted by as much as 9 per cent this year, if the £600m sits on bank deposit. So Rank must demonstrate the upside potential in channeling cash elsewhere. Cynicism will abound, following the painful digestion of the expensive Mecca acquisition. But it has opportunities *for expanding businesses overseas –* particularly casinos. It is also well set to bid for MGM cinemas, cherry picking the best sites from the Crédit Lyonnais sell off. This all points to positive life after Xerox.

FT-SE Index: 3033.2 (-16.2)

Lonrho

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

Lonrho

Barely a fortnight after Mr Tiny Rowland's departure as joint chief executive, Lonrho is demonstrating its determination to be accepted by investors as a conventional company devoted to uncontroversial corporate aims such as the enhancement of shareholder value. Lonrho's newfound eagerness to help investors understand where its profits come from and how much its assets are worth is one sign of this revolutionary ordinariness, the plan to float the hotel operations another.

The sell-off proposals, however tentative at present, signal the new management's commitment to extracting maximum value from the asset portfolio. A successful flotation could lead to a dramatic re-rating of Lonrho's shares, especially if the market value of the hotels turns out to be close to or more than the £600m they are valued *at in the Lonrho balance sheet.* It would support those who believe the current share price of 158½p falls grossly short of true asset value per *share of between 200p* and 280p. But even if flotation is delayed, the move to gather virtually all the hotel assets under a UK-based holding company will in itself encourage greater management focus.

The shares are up 23 per cent against the market in the past year, in anticipation of precisely this kind of *greater management professionalism.* However, even if pre-tax profits climb to £150m or more in the current year, the shares are on a multiple of 18 times earnings. This is demanding but the turnaround process under Mr Dieter Bock – now sole chief executive – is only just beginning in earnest.

TSB

For a company deliberately to erode its own margins appears curiously masochistic. But TSB's policy of constraining its net interest margins by encouraging depositors to migrate to higher rate accounts contains some logic. Historically, TSB subsidised its operations through low interest bearing deposits. That was highly profitable but made the group vulnerable to mass defections of dissatisfied customers. With its new attractive rates, the bank hopes to retain old clients and attract new ones, cross-selling other financial services to an enlarged customer base.

This strategy of compensating lower margins through higher volumes may work. TSB attracted 300,000 net new customers last year. However, many are only youth or credit card clients unlikely to buy other financial products immediately. In the meantime, the margin erosion policy lost the company up to £100m in lost interest income *last year.*

If the strategy fails, TSB could find it hard to improve earnings. Most of the 67 per cent rise in pre-tax profits last year was due to the fading impact of past mistakes in peripheral businesses. In contrast, profits from its core businesses – insurance and retail banking – dropped. Competing for volume on price is all very well, but TSB may not be well-placed to deal with an increasingly difficult environment. Although its cost to income ratio is competitive compared with other banks, most building societies are far better positioned.

Saatchi

As fund managers review the Saatchi blood bath, their victory in removing Maurice Saatchi from the board must look increasingly Pyrrhic. Directors wanted to pre-empt the messy battle that would have erupted in the lead-up to a shareholder vote. But their deepest fears can scarcely have exceeded the reality of Mr Saatchi's attack on the company he founded. And the subsequent flood of share sales suggests that some investors who backed the move do not have the stomach for the fight.

To prove them wrong, chief executive Charles Scott needs to demonstrate a more robust defence. Presentations to brokers have achieved little. His attention must be on the key threat of losing clients and staff. There is no doubt that more will move, and Scott will need to demonstrate leadership, commitment, and probably writs, to stem the flow. There are positives. Saatchi retains a depth of talent, and a global client list which vastly overshadows well-publicised potential losses. But it must ensure it retains substantial multinational clients such as Procter & Gamble and Toyota.

In the meantime, the Bates network, Zenith and the PR groups should continue to provide a base revenue stream far greater than that of the Saatchi network. But it will take a brave investor to back a company with revenues as potentially mobile as at Saatchi, until it demonstrates greater skills at damage control.

Paris plans exchange

Continued from Page 1

ing a steady flow of capital to growing companies, believe that a pan-European exchange could have sufficient companies and investors to simulate the success of Nasdaq.

Other European bourses which have backed the Easdaq concept are Amsterdam, Brussels, Barcelona and Valencia.

Privately, one *SBF* official conceded that integration with other European markets might prove difficult.

Citicorp tackles fears

Continued from Page 1

been one of the biggest growth markets for the US banks before last year.

Also, Citicorp has a bigger exposure generally to Latin America than its rivals, having been virtually alone in opting to lend more in the region during the debt-reduction programmes reached by most Latin countries in the early 1990s. At the end of last September, Citicorp's dollar loans to Mexican borrowers amounted to $2.9bn, with a further $3.5bn in Brazil and $1.8bn in Argentina.

J.P. Morgan, which had issued a profit warning even before the Mexico crisis, said it had lost $72m in the debt markets in the final three months of last year. However, thanks to greater stability in earnings from interest rate instruments such as swaps, along with foreign exchange, total trading profits for the last quarter were $153m.

Explaining why it had taken the highly unusual step of bringing forward its earnings announcement, Citicorp said: "We have tried to be responsive to concerns which in our view seemed to be much magnified."

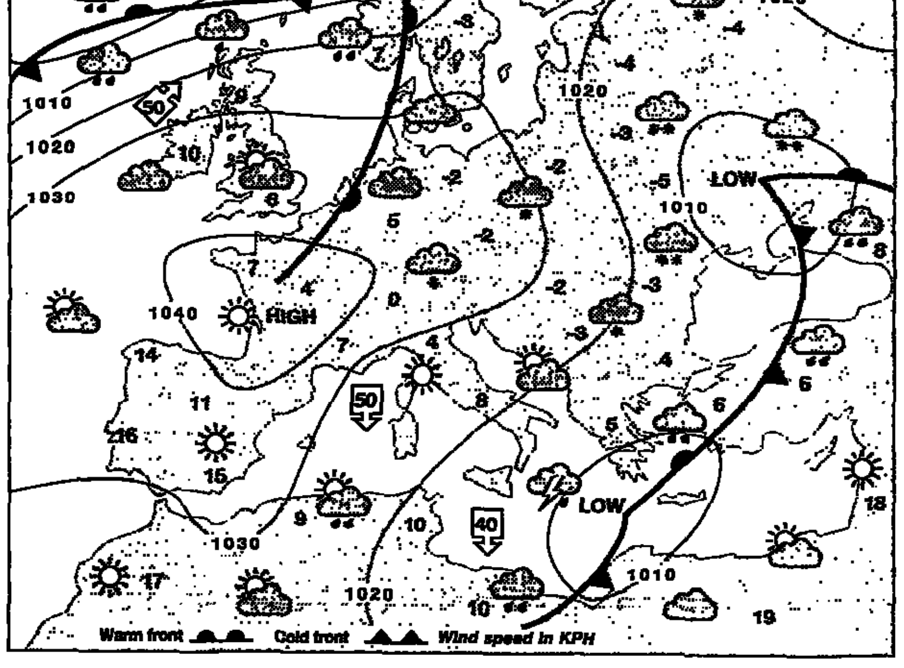
FT WEATHER GUIDE

Europe today

High pressure over France will drift east. Relatively mild air from the Atlantic will reach Ireland and Great Britain, resulting in cloud *and scattered showers in western Ireland* and western Scotland. Skies in eastern England will become clearer. Cold air from northern Russia will move into central Europe and into the Mediterranean. Showers will develop over the Mediterranean, even reaching the north African coast. Poland, the Czech Republic, Slovakia, Hungary, south-east Germany and Austria will be *cloudy and there will be snow on northern slopes of the* Alps. Northern Italy and the north Adriatic will be dry and sunny. Active low pressure near Crete and Greece will produce heavy showers, some with thunder.

Five-day forecast

The high will continue to move slowly east, giving sun in the Alps and France. The Mediterranean depression will bring unsettled conditions with heavy rain and snow on higher ground in Greece and western Turkey. Mild air will reach Germany and the Low Countries causing temperatures to rise. *Ireland and Great Britain will be unsettled* with rain or showers.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum		Beijing	sun	2	Caracas	shower	31	Faro	sun	18	Madrid	sun	11	Rangoon	fair	33
	Celsius		Belfast	cloudy	8	Cardiff	cloudy	7	Frankfurt	fair	0	Majorca	sun	11	Reykjavik	snow	0
Abu Dhabi	sun	27	Belgrade	snow	-3	Casablanca	sun	17	Geneva	sun	0	Malta	fair	11	Rio	fair	29
Accra	fair	31	Berlin	fair	-1	Chicago	ice	0	Gibraltar	sun	16	Manchester	rain	7	Rome	sun	8
Algiers	rain	9	Bermuda	fair	21	Cologne	fair	2	Glasgow	fair	9	Manila	fair	30	S. Frsco	fair	18
Amsterdam	fair	5	Bogota	fair	21	Dakar	cloudy	25	Hamburg	cloudy	1	Melbourne	fair	26	Seoul	fair	2
Athens	rain	9	Bombay	fair	29	Dallas	sun	16	Helsinki	sun	-6	Mexico City	sun	22	Singapore	shower	30
Atlanta	fair	17	Brussels	fair	4	Delhi	sun	16	Hong Kong	drzzl	12	Miami	sun	28	Stockholm	sun	-3
B. Aires	fair	27	Budapest	cloudy	-1	Dubai	sun	26	Honolulu	fair	27	Milan	sun	9	Strasbourg	sun	1
B.ham	cloudy	6	C.hagen	fair	0	Dublin	cloudy	10	Istanbul	rain	5	Montreal	rain	8	Sydney	sun	26
Bangkok	fair	34	Cairo	sun	19	Dubrovnik	fair	6	Jakarta	thund	30	Moscow	snow	-5	Tangier	sun	17
Barcelona	sun	11	Cape Town	fair	26	Edinburgh	fair	9	Jersey	fair	8	Munich	snow	-3	Tel Aviv	sun	19
									Karachi	fair	26	Nairobi	shower	25	Tokyo	fair	9
									Kuwait	cloudy	22	Naples	fair	6	Toronto	rain	9
									L. Angeles	fair	19	Nassau	sun	27	Vancouver	rain	11
									Las Palmas	fair	20	New York	cloudy	16	Venice	sun	7
									Lima	cloudy	26	Nice	sun	13	Vienna	cloudy	0
									Lisbon	sun	15	Nicosia	fair	16	Warsaw	snow	-2
									London	cloudy	6	Oslo	snow	-1	Washington	cloudy	18
									Lux.bourg	fair	-1	Paris	fair	3	Wellington	cloudy	14
									Lyon	sun	-1	Perth	fair	29	Winnipeg	snow	-13
									Madeira	fair	18	Prague	cloudy	-3	Zurich	fair	-1

FINANCIAL TIMES
COMPANIES & MARKETS
Friday January 13 1995

IN BRIEF

Option puts Unitel's future in balance

Canadian Pacific, the rail and energy conglomerate, has given Rogers Communications, Canada's biggest cable TV operator, an option to buy its 48 per cent stake in Unitel, the ailing telecommunications company which is the main rival to Canada's long-established phone companies. If Rogers exercises the option, its stake in Unitel will rise from 29.5 to 67 per cent. Page 17

Swiss Bank's UK chief defends contracts
Rodolfo Bogni, chief executive of Swiss Bank Corporation in London, yesterday defended the derivatives contracts it struck with Trafalgar House, ahead of the UK conglomerate's £1.2bn ($1.87bn) bid for Northern Electric. His comments came as a fund managed by George Soros revealed it had built up a 1.3 per cent stake in Northern Electric and holdings in other electricity companies. Page 16

Alcatel Alsthom musters its forces
Alcatel Alsthom, the French-based transport, telecoms, and engineering group, is trying to counter some damaging reverses, ranging from losses in its German subsidiary to corruption investigations involving senior executives, by making changes in management organisation and personnel. Page 16

Profits slide 20% at Austrian bank
Austria's second-largest bank, Creditanstalt-Bankverein, suffered a 20 per cent slide in parent company pre-tax profit last year. Page 16

Banco Popular falls 3.5%
A 3.5 per cent fall in pre-tax profits at Banco Popular, the large Spanish bank, underlined the difficulties last year for the whole sector. Page 17

JAS plans tie-up with Northwest Airlines
Japan Air System (JAS), the country's third-largest airline, is negotiating with Northwest Airlines of the US to establish a wide-ranging tie-up between the two carriers. Page 18

Making a name in Vietnam
Huy Hoang, founded in the late 1980s as one of Vietnam's first private companies, is now known throughout the country for its garment manufacturing, construction and property development, tourism, banking and investment. Page 18

Securicor advances 28% before tax
Securicor, the UK communications, security and parcels business, announced a 28 per cent increase in pre-tax profits. Page 21

Crop report lifts Chicago grain prices
Wheat futures prices at the Chicago Board of Trade rallied more than 5 cents a bushel yesterday after a US Department of Agriculture survey showed plantings for this summer's harvest nearly unchanged from last year. Meanwhile, US farm groups applauded the nomination of Dan Glickman as the next US secretary of agriculture. Page 22

Bangkok plunges on baht fears
Bangkok's equity market fell on rumours that a devaluation of the baht was imminent. The local currency was hit by a wave of selling. Back Page

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Continental	224.5	+	4.5	Fonc Lyonnaise	699	+	47
Lahmeyer	574	+	14	Nord Est	136.4	+	7.9
Linotype	389	+	20	Pinault Printmp	983	+	28
Schering	1072.5	+	48.8	**Falls**			
Schmalbach Lub	329	+	7	CSP	1085	–	63
Zanders Feinp	234	+	4	Casino	142.8	–	4.7
NEW YORK ($)				UFB Locabail	385	–	11.5
Rises				**TOKYO (Yen)**			
Adv Micro	31¾	+	2¾	**Falls**			
Latin Amer	11⅝	+	1⅛	NEC	1110	–	40
Timberland	24¼	+	2¾	Nikon Corp	918	–	31
Falls				Nippon Shinpan	769	–	34
Conti Airlines	7¼	–	1⅛	Oki Electric	661	–	31
Fed Natl Mtg	71½	–	4	Osaka Gas	387	–	13
Western Digital	16½	–	2¾	Sumitomo Chem	544	–	21

New York prices at 12.30.

LONDON (Pence)							
Rises				**Falls**			
Brit Aerospace	442	+	10	Acorn Computer	66	–	10
Chubb Security	300	+	8	Cadbury Schw	413	–	10
De La Rue	985	+	26	Coda Group	85	–	5
Eidos	335	+	30	Euro Disney	128	–	8
Eurotunnel Uts	321	+	13	Owen & Robinsn	20	–	7
Toronto Comtek	191	+	11	Rank Org	381	–	22
Goode Durrant	219	+	17	Saatchi	97	–	10½
Kershaw (A)	1263	+	368	TSB	220½	–	5½
Microgen	122	+	17	Weir Group	251	–	42
National Express	304	+	13				
VSEL	1410	+	30				

Rank and Xerox find the price is right

By Tony Jackson in New York and David Blackwell in London

The $960m deal announced yesterday between Xerox, the US photocopier company, and Rank Organisation, the UK leisure group marks a watershed for both companies.

As his company took its biggest step to unwind a joint venture dating back nearly 40 years, Mr Michael Gifford, chief executive at Rank, said: "The price is right for both us and Xerox, and in the long term it will be seen to have been of benefit to Rank shareholders."

For Xerox, meanwhile, the decision to increase its stake in Rank Xerox from 51 per cent to 71 per cent, crowns its recovery in its core office equipment business. In the early 1980s, Xerox was faced with a seemingly unstoppable rise in Japanese competition. Its response, in 1982, was to spend $1.6bn buying Crum & Forster, a leading property and casualty insurer.

Since then, Xerox has fought back. Market share has been won back from the Japanese around the world, and Xerox has reasserted itself as the world leader in photocopiers and printers. In keeping with this recovery of nerve, a good half of its financial services empire has been sold, and the rest is on the block.

At the same time, Rank Xerox is a particularly desirable part of the Xerox empire. Based in Europe, it is ideally placed to take advantage of the opening up of eastern Europe. It is also benefiting from the revival in western European economies. In 1993, Xerox undertook a huge restructuring worldwide, involving $700m of write-offs and 10,000 job losses. Rank Xerox bore its full share of this, and has since been one of the chief beneficiaries.

The deal will make little difference to how Rank Xerox is run. For many years, Rank has been in effect a sleeping partner, with Xerox supplying all the product and most of the management. Xerox chairman Mr Paul Allaire and chief executive Mr Bernard Fournier are already on the Rank Xerox board.

In financial terms, the cost of the deal will be easily covered by the sale of the financial services businesses. Last month, Xerox sold a reinsurance business to a Luxembourg company controlled by the Agnellis for $400m, and there is more to come.

The deal also casts a curious light on Xerox's stock market valuation. At yesterday's price, the whole of Xerox is valued at $10.9bn. The implicit value of Rank Xerox – based on the 13 per cent economic interest which is changing hands, rather than the 20 per cent nominal capital – is something over $7bn. Given that Rank Xerox accounts for only around 35 per cent of Xerox turnover, the stock market and Xerox management are evidently a long way apart.

Rank's initial inspired £7m ($11m) investment in 1956 was made by the then chief executive Sir John Davis, who spotted the potential of the photocopier at a time of cinematic decline in Britain. Since then Rank Xerox has provided a steady income stream to Rank, helping the leisure and entertainment group through troubled times.

However, Mr Gifford argued yesterday that the decision to reduce the 49 per cent stake was part of a historic process of retreat started in 1964, when it sold the central and South American rights back to Xerox. In 1969 voting control was ceded, in 1985 Rank Xerox Business Equipment was sold, and in 1990 the South Pacific operations were sold to Fuji Xerox, which was founded in 1960.

Rank wants to use the money to expand its core leisure and entertainment businesses, which include casinos and bingo clubs, holiday camps, and film and television businesses. Mr Gifford would not, however, be drawn as to the group's plans.

The London stock market knocked Rank's share price 22p lower to 381p. Analysts were quick to point out that the annual results, published yesterday, showed the contribution of Rank Xerox up from £151.2m to £213.5m before restructuring costs – ahead of expectations.

"I'm not surprised Xerox wants to buy now," said one. "In a year's time it will be quite a bit more expensive."

The deal values Rank's original 49 per cent stake in Rank Xerox at £1.55bn, which many analysts think is on the low side. They also feel that it would have been better, once a move was planned, to sell the whole stake.

The deal, which is expected to be completed in March, will dilute earnings by about 5 per cent over a full year, while enhancing cashflow. Mr Gifford said the group would be foregoing about £25m in dividend from Rank Xerox, but could get a better return by putting the money on deposit.

He also rejected suggestions that the whole stake should have been sold. This deal was sensible and practical for the shareholders, leaving the group with a low level of debt – not a pile of cash.

Lex, Page 14; Rank results, Page 20

Trading group advances 55% and considers floating divisions

Upbeat Lonrho lifts payout on higher profits

By David Wighton in London

Lonrho's first set of figures since Mr Tiny Rowland agreed to step down as a director of the international trading group were well received by the London stock market yesterday with analysts praising both the style and content of the results.

The 55 per cent increase in pre-tax profits from continuing operations to £112m ($175m) was at the top end of expectations and Lonrho provided much greater detail and explanation than in the past.

The shares rose 2½p to 158½p as Mr Dieter Bock, chief executive, predicted a "very good" 1995, provided there is no marked deterioration in currency or commodity prices. Including £87m of profits on disposal in the previous year pre-tax profits fell from £165m to £112m.

The company also surprised the market by announcing its first dividend increase since 1990. The final dividend of 2.75p, which includes a Foreign Income Dividend of 1.25p, takes the total to 4.75p, against 4p. Helped by a sharply lower tax charge, earnings per share from continuing operations recovered to 6.6p, from 1.9p.

Lonrho is bringing together most of its hotels under a UK holding company as "a step towards flotation", though it stressed this was only one possible option for the business.

Mr Nicholas Morrell, deputy managing director, played down hopes of an early sale or flotation of Lonrho's trading activities in Africa. "We will bring them together in a more focused business and will possibly look at flotation. But we think there is more potential to be derived beforehand. There are tremendous opportunities in Africa."

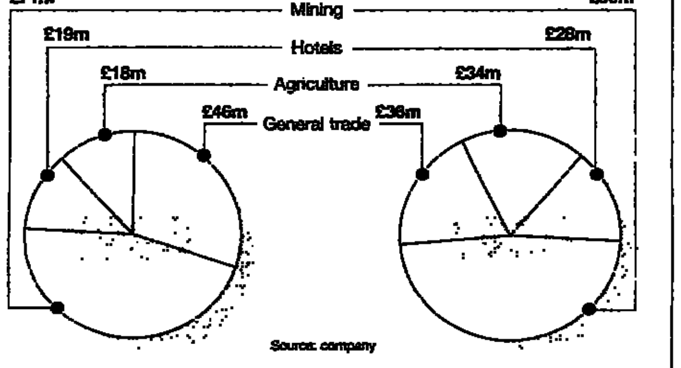
General trading was the only one of Lonrho's four divisions to report lower profits. The £10m fall to £36m was accounted for entirely by the problems of John Holt, its Nigerian trading company. Hit by political upheaval and hyper-inflation Holt's profits slumped from £17m to £7m. Mr Robin Whitten, finance director, said the division's profits should improve this year.

Mining profits rose 27 per cent to £90m thanks to increased production and higher gold and platinum prices. Last year's flotation of Ashanti Goldfields has put a value on Lonrho's 43 per cent stake of almost £500m, four times its book value.

Clear improvements

Pre-tax profit (loss) £m	1993	1994
UK	7	11
East, Central and West Africa	72	80
Southern Africa	33	39
The Americas	(4)	8
Europe and other	12	12
Discontinued operations	93	
Central finance and costs	(48)	(38)
Total	165	112

Operating profit by activity



Source: company

Including all its holdings in listed companies at market value, Lonrho states its assets per share were almost 196p at the year-end. However, many analysts have lower estimates with NatWest Markets on 180p.

Profits from agriculture – mainly sugar production in Malawi, Swaziland, Mauritius and South Africa – recovered strongly to £34m, from £18m, while the hotels division improved to £28m, against £19m.

For the first time Lonrho broke out its central expenses which include the costs of running the corporate jet. Central costs were cut by £2m to £23m, including some severance costs, and are expected to fall further this year.

The interest bill fell from £72m to £57m and gearing was steady at 34 per cent. After a cash outflow of £27m in 1994, Mr Whitten expects Lonrho to be cash neutral this year. NatWest Markets is forecasting profits of £150m for earnings of 7.9p.

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Credito Italiano counts on Allianz in bid for Rolo

By Andrew Hill in Milan

Credito Italiano is counting on the support of Allianz, the German insurance company, in its attempt to gain control of Credito Romagnolo of Bologna.

Credito Italiano (Credit) is seeking Italian regulators' permission to raise its bid for Rolo, in an effort to defeat a counter-bid by a consortium led by Cariplo, the Milan savings bank.

It is understood that Allianz, which owns a 3 per cent stake in Credit through Ras, its Italian associate, would be asked to buy Rolo shares from Credit, once the bank had won control. One of Rolo's local banking rivals, Banca Carimonte, would also take a stake, reducing the need for Credit to stretch its own finances to beat the Cariplo offer.

Carimonte has indicated it is interested in joining the Credit bid, but Allianz has made no comment, in spite of speculation about the insurer's involvement.

Credit's board cleared the way for a new round of bidding on Wednesday, giving Mr Lucio Rondelli, chairman, and Mr Egidio Giuseppe Bruno, deputy chairman and managing director, a mandate to prepare an increased offer.

Yesterday, Rolo's most loyal shareholders said they were angry at the way in which Credit had announced its intentions. Mr Giorgio Seragnoli, Rolo's deputy chairman and one of the largest private shareholders, yesterday accused Credit of behaving with great clumsiness and attacked Consob, the stock exchange watchdog, for allowing the bank to put out a statement devoid of detail, which risked unsettling the market.

Mr Mario Lucaccini, who heads a group of loyalist Rolo shareholders, said it would better to accept the Cariplo consortium's L21,500-a-share offer than a higher bid from Credit, because Cariplo and its allies provided better guarantees of the bank's independence.

The offer by Cariplo and a consortium of financial institutions is worth a total of L3,291bn ($2.02bn) for 70 per cent of Rolo, against Credit's first L20,000-a-share bid for 64 per cent, which is worth L2,800bn.

Consob and the Bank of Italy, responsible for supervising the fragmented Italian banking sector, are likely to play a crucial role in the next phase of the struggle for control of Rolo.

In particular, Credit needs to know from the regulators whether, under Italy's ambiguous takeover code, Cariplo would be allowed to fight back against an increased Credit offer.

The original Credit bid, and the consortium counterbid close on February 3, and Credit has until the end of this month to launch a new offer.

Snapple deal hits Quaker earnings

By Richard Tomkins in New York

Quaker Oats, the US breakfast cereal and drinks group that last month completed the acquisition of the Snapple Beverage drinks company for $1.7bn in cash, yesterday warned that earnings would be 20 to 25 per cent down in its second quarter to December 31.

It said most of the decline was due to financing and other costs relating to the Snapple acquisition, but it also incurred higher marketing spending worldwide, particularly for its cereals and Gatorade soft drinks.

When Quaker Oats announced its agreement to buy Snapple last November, it said the deal would dilute earnings per share by 45 cents to 55 cents in the year to June 1996.

Quaker said yesterday it had completed the Snapple acquisition on December 6, and it expected to incur Snapple-related expenses of 6 cents to 8 cents a share for the remainder of the quarter. In the comparable quarter of 1993, Quaker had net income of $42.8m and earnings per share of 31 cents, adjusted for a stock split.

Quaker's Gatorade soft drinks business has been attacked by Coca-Cola and PepsiCo, and its cereal business has been caught up in a price war in the US.

The company said that, by increasing its marketing spending, it had successfully defended its market share. It said it had double-digit volume increases in ready-to-eat cereals, granola bars, rice cakes, Golden Grain products, food service and worldwide Gatorade. Hot cereals, however, were down, partly because of unusually mild winter weather in many parts of the US.

Saatchi issues writ against ousted chairman

By Robert Peston in London

The Saatchi & Saatchi board was advised as early as the middle of last May by its financial advisers, S.G. Warburg and UBS Securities, that Mr Maurice Saatchi would not survive a shareholder vote on whether he should continue as chairman.

It also emerged last night that the board meeting which eventually voted for Mr Saatchi's removal, on December 16, was told by these same advisers that just 3.2 per cent of shareholders would vote in favour of retaining Mr Saatchi.

This disclosure of widespread shareholder hostility to Mr Saatchi explains why the company's board felt it had to remove him, irrespective of his threat that his departure would prompt the resignation of other executives and the desertion of clients.

Mr Saatchi is now setting up a new agency and hopes to be joined by three senior Saatchi executives – Mr Bill Muirhead, Mr Jeremy Sinclair and Mr David Kershaw – who quit the group on Monday.

Saatchi & Saatchi yesterday issued a writ for damages against Mr Saatchi and the three executives. It alleges that they conspired to injure the business of Saatchi & Saatchi and accuses Mr Saatchi of soliciting the other three to break their employment contracts. The company is also attempting to injunct Mr Sinclair, Mr Kershaw and Mr Muirhead from working for the new agency – or any competing business – for at least a year.

The three executives will in the next few days attempt to prevent such an injunction being imposed by issuing counter writs claiming that they were constructively dismissed.

It also emerged yesterday that the campaign to remove Mr Saatchi, initiated by Mr David Herro of Harris Associates, owner of 9.8 per cent of Saatchi's shares, began on March 28 last year, when he wrote to the company's directors that "it has become obvious that changes are needed in the management of Saatchi & Saatchi". The letter continues: "The company needs a chairman who will be more complementary to and compatible with the chief executive, Charles Scott".

When the Saatchi board meeting in late March resolved that Mr Saatchi should stay as chairman, Mr Herro began to organise support for his removal at the annual meeting in June.

At the May 14 board meeting, S.G. Warburg and UBS advised the board that "that re-election of Maurice Saatchi was likely to be defeated". The board then agreed that Mr Saatchi would have to be sacked, rather than have the company subjected to a public battle with shareholders.

However a delegation of three Saatchi directors, including Mr Scott and Mr Sinclair, flew to Chicago to dissuade Mr Herro from pursuing the battle. At the end of May, Mr Herro agreed to give Mr Saatchi "a last chance", according to a Saatchi executive.

Mr Herro and other shareholders became disillusioned with Mr Saatchi in December when they felt he was blocking proposals to change the company's name and that the terms of a planned £5m option package for him were too generous.

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Swiss Bank defends Trafalgar deal

By David Wighton and Michael Smith in London

Mr Rodolfo Bogni, chief executive of Swiss Bank Corporation's London operations, yesterday defended the derivatives contracts it struck with Trafalgar House, the UK conglomerate, ahead of Trafalgar's £1.2bn ($1.87bn) bid for Northern Electric, the UK regional utility.

His comments came as a fund managed by Mr George Soros, the international financier, revealed it had built up a 1.3 per cent stake in Northern Electric and holdings in other electricity companies.

Speaking for the first time about the "contracts for differences" with Trafalgar, Mr Bogni expressed confidence in the bank's legal advice that they complied with insider dealing regulations. He said he was satisfied that the bank's "Chinese walls" had not been breached.

"There was no question of our market makers having price sensitive information or being encouraged to deal in shares. The 'Chinese walls' are absolutely secure."

He said Trafalgar could not have been involved in insider dealing, since the contracts, which were linked to Northern's share price, were agreed with Swiss Bank's corporate finance department which had the same inside information about Trafalgar's impending bid.

Meanwhile, leading City of London institutions called for a review of the rules governing the disclosure of share stakes held by marketmakers. This follows the revelation that Swiss Bank had built up an 8.2 per cent stake in Yorkshire Electricity which it did not disclose because it believed it was covered by the market making exemption.

Mr Geoff Lindey, chairman of the investment committee of the National Association of Pension Funds, said: "We will want to know whether the rules were observed and, if they were, whether or not the rules are fulfilling the function for which they were intended."

It emerged that the bulk of Yorkshire stake was built up well before Swiss Bank entered into the "contracts for difference" with Trafalgar.

Creditanstalt suffers 20% drop in profits

By Ian Rodger in Vienna

Creditanstalt-Bankverein, Austria's second largest bank, suffered a 20 per cent slide in parent company pre-tax profit last year to Sch4.3bn ($398.1m), mainly because of a halving of income from trading.

However, net income advanced 3 per cent to Sch1.5bn, due to a sharp reduction in provisions for bad loans.

Mr Guido Schmidt-Chiari, chief executive, was cautiously optimistic about the current year, expecting that Austria's strong economic recovery would generate a higher demand for credit and that securities markets would be less unfriendly than they were last year.

Mr Schmidt-Chiari also hoped for early progress in the often delayed plan for the Austrian finance ministry to sell its 70 per cent voting stake in the bank. Austrian banking sources say that Mr Ferdinand Lacina, the finance minister, is set to accept an offer by a consortium led by EA Generali, the Vienna affiliate of the Italian Generali insurance group, to buy about half of the government's stake.

Creditanstalt's net interest income eased 2 per cent in 1994 to Sch8.4bn due to narrower margins and slightly improved volumes. Many Austrian companies used the capital markets rather than banks for their funding last year, it said.

Fee income rose 12 per cent to Sch3bn while income from equity investments fell 4 per cent to Sch800m. Operating expenses fell 2 per cent to Sch8.4bn, reflecting the results of strict cost management.

The so-called partial operating profit rose by one-tenth to Sch2.9bn. However, the 50 per cent plunge in profits from own account trading, to Sch1.1bn, pulled down the pre-tax result.

Creditanstalt performed rather better than its larger rival Bank Austria, not only at the operating level, but also in reducing the need for bad loan provisions.

These fell by a quarter to Sch2.7bn. Bank Austria's were down only 5 per cent to Sch3.9bn.

Total assets rose 3 per cent to Sch580bn in spite of the negative impact of the weaker US dollar. The bank intends to allocate Sch1bn of its net income to reserves, raising its tier one capital ratio to 7 per cent.

Consolidated net income was up 4 per cent to Sch1.8bn.

Groupe Bull reverses five-year sales decline

By John Ridding

Groupe Bull, the French computer manufacturer which is in the process of privatisation, increased sales by almost 6 per cent to FFr29.9bn ($5.6bn) in 1994, reversing a five-year decline.

The company said the reversal in the downward trend represented a significant step in the resurgence of Bull. It added that it should achieve its objective of an operating profit for last year.

The increase in sales at the group level reflected divergent fortunes between the traditional businesses of mainframe computer manufacturing and maintenance, which saw turnover shrink by about 8 per cent, and newer businesses. The latter, which range from opens systems and software to systems integration and services, saw overall growth of about 12 per cent.

Bull said the sales growth was matched by improved productivity. Staff numbers fell to 27,902 at the end of last year from 31,735 at the end of 1993.

Competitiveness, as measured by the ratio of annual revenues to employees, increased 20 per cent, it said.

The French government, which holds 76 per cent of Bull's shares, said this week it had selected five companies to proceed with their offers to participate in the privatisation process.

TSB raises income by 67% to £504m

By Alison Smith in London

TSB Group, the UK's sixth largest bank, yesterday announced a 67 per cent increase in pre-tax profits, driven largely by a fall in provisions for bad and doubtful debts. The rise to £504m, from £301m, in the year to end-October, marks the start of a reporting season in which banks are expected to come under fire for record profits.

Sir Nicholas Goodison, chairman, attacked plans by the opposition Labour party for greater regulation of banks to limit charges and improve customer service, saying that they showed a "regrettable misunderstanding of the banking industry".

Banks lost money on loans during recessions, so in recovery they were bound to have a better experience, he said, and at TSB bad debt provisions had dropped to £173m from £335m.

He also berated Labour for "such targeted criticisms of an industry which has done so well for this country".

Also emphasising the cyclical nature of banking and the sector's contribution to the UK economy was Lord Younger, chairman of the Royal Bank of Scotland, which held its annual meeting yesterday.

TSB's earnings per share rose to 21.5p, from 12.7p, and it is to increase its net dividend 17 per cent to 9.024p per share.

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Details, Page 20

Latin American markets bounce back

By Richard Lapper and Philip Coggan

Latin American bond and equity prices bounced back strongly yesterday, following steep falls in prices earlier this week. Local equity markets moved up in early trading, with the Argentine index leading the way with an 8 per cent increase. Latin American Brady bonds – issued by governments in exchange for restructured commercial bank debt – also rose strongly in trading in London.

The prices of two classes of widely-traded Argentine and Mexican paper rose 18.4 per cent and 15 per cent respectively in London.

Bradies appear to have jumped partially as a result of moves to cover so-called short positions, where traders make commitments to sell assets they do not own.

Funds investing in emerging market debt lost $2.2bn in assets during December, according to Micropal, as declines in bond prices combined with the effect of redemptions by investors.

The 109 open-ended funds monitored by Micropal had $56.1bn of net assets at the end of December, down from $58.3bn on November 30. Around $1.7bn of this decline was due to market losses, mainly due to the effect of the Mexican peso devaluation on Latin American debt, while some $500m was caused by redemptions.

● Mexican financial markets continued their slow recovery, adds Ted Bardacke in Mexico City. Sentiment was aided as the central bank put into effect an operation that took $1.5bn in *tesobonos*, short-term dollar denominated central bank debt, out of circulation by purchasing them from commercial banks. This was in exchange for writing down obligations the banks hold with the central bank.

With the redemption about 7.5 per cent of all outstanding Tesobonos were removed from the market. Officials said an additional $5.5bn could be redeemed by Mexican banks over the coming days.

Alcatel Alsthom regroups to restore its lost pride

Alcatel Alsthom is mustering its forces after a poor 1994. The French-based transport, telecommunications, and engineering group has announced a series of changes in its management organisation and personnel aimed at getting back on track after a series of damaging reverses, from losses in its German subsidiary to corruption investigations involving senior executives.

The changes reflect the wounded pride of a national champion as much as a crisis. "We are faced with a case of frustrated expectations," says Mr Jozef Cornu, executive vice-president of Alcatel, the world's biggest supplier of telecoms equipment.

Expectations have certainly been frustrated. The company was last year forced to issue its first profits warnings. Losses in excess of DM300m ($196m) in Germany were just one factor in a forecast of reduced earnings of FFr4bn ($755m) for 1994, compared with FFr7bn the previous year.

The company is still one of the most profitable in France. But the decline in results and corruption probes into its billing of France Telecom and into the personal property of Mr Pierre Suard, the chairman, prompted a decline of 50 per cent in its share price since last January.

However, the upheaval is coming from within the group. The success of the management and organisational reshuffle will determine the prospects for one of Europe's biggest groups in the strategic telecoms market.

The most evident changes have occurred at Alcatel SEL, the troubled German subsidiary which has been hit by a decline in orders from Deutsche Telekom, the national operator.

This month, the company announced the departure of the chairman and deputy chairman and the elimination of a layer of management below the board level.

About 3,000 jobs are to be cut from a workforce of about 19,000 in a bid to break even by 1996.

More important are the reorganisations being pursued at the group level and in the responsibilities of the various country-based subsidiaries. This week, the company announced the creation of a restricted executive committee which will group seven managers around Mr Suard.

"The idea is to create a sort of a crisis team which will be very close to the chairman and which will accelerate decision-making," says one executive.

Reshuffle will determine the prospects for one of Europe's biggest groups in the strategic telecoms market, writes John Ridding in Paris

The committee includes three new deputies to Mr Suard: Mr François Petit, Mr Luc Vigneron and Mr Philippe Fondanaiche. They are all from within the group and may ultimately take over the duties of three top executives, Mr François de Laage de Meux, Mr André Wettstein and Mr Jacques Imbert, who are expected to retire within the year.

Industry observers said the reshuffling reflected a shift to a more collegial structure and an injection of younger management.

"Suard is bringing in some new blood," said one Paris banker. "It is not a question of grooming a successor, but of forming a team of lieutenants and of tightening links with subsidiaries."

Equally significant have been a series of changes in the organisation of the group's product divisions and geographical subsidiaries. The company said it was grouping its multimedia activities in a single management structure. The move, which is aimed at increasing co-ordination between its multimedia activities, follows a similar reorganisation last year in which Alcatel's mobile telephone operations were brought under a single management.

These changes reflect the dilemma facing Alcatel, which has inherited a series of large regional companies through a series of acquisitions, notably the 1986 purchase of the European telecoms businesses of ITT of the US.

As a result, the group has been faced with problems of eliminating duplication between subsidiaries and of co-ordinating product development.

For Mr Cornu, the solution lies in increased specialisation of the various subsidiaries. At the end of last year, for example, he implemented a reorganisation of Alcatel Network Systems to give each country subsidiary a product specialisation. Teletra in Italy, for example, will specialise in transmission equipment, while Alcatel CIT in France will focus on switching.

"The speed of decision-making and policy implementation was not high enough," says Mr Cornu, referring to the dispersion of expertise across the various subsidiaries. "But I wanted to avoid centralising everything in Paris and risk losing some of our best people."

As with the other changes at the group, the specialisation of subsidiaries reflects a shift towards stronger direction within the company and a step back from the company's highly decentralised style. It also reflects a need to respond more quickly to changes in the market.

"The old relationships with major clients have crumbled," says one executive, referring to the close ties previously enjoyed with state operators such as Deutsche Telekom. "The market has become much more competitive and is evolving ever more quickly. So we must be better co-ordinated to respond."

However, the reorganisations will take time to demonstrate results. In the meantime, the outlook continues to be clouded by weakness in the principal European markets.

Alcatel is confident of its prospects, citing technological strengths such as its ATM switching systems and its dominance in rapidly-growing markets, such as China.

But after the blows of last year, investors will be wary of raising their expectations too soon.

INTERNATIONAL COMPANIES AND FINANCE

Option puts Unitel's fate in balance

By Bernard Simon in Toronto

An agreement which could lead to ownership changes at ailing Toronto-based Unitel Communications has put the future of the main rival to Canada's long-established phone companies in the balance.

Canadian Pacific, the rail and energy conglomerate, said yesterday that it had given Rogers Communications, Canada's biggest cable-TV operator, an option to buy CP's 48 per cent stake in Unitel.

If Rogers decides to exercise the option, it will retain 37.5 per cent and transfer 10.5 per cent to AT&T, the US long-distance phone company.

Rogers' stake in Unitel would rise to 67 per cent from 29.5 per cent. The remaining 33 per cent would be held by AT&T, which currently holds 22.5 per cent.

The option expires on April 28. "It will not be an easy decision," Mr Ted Rogers, Rogers chairman, said yesterday.

Rogers and AT&T said that much will depend on whether the Canadian government is willing to move towards further regulatory reforms which would make Unitel and other new long-distance phone companies more competitive with Stentor, the consortium of local phone monopolies.

Mr Rogers said the decision will also hinge on Unitel's financial prospects. The company has posted losses of more than C$500m (US$385m) in the past three years, and is losing about C$20m a month.

Losses are expected to continue for at least the next five years. Mr Rogers said shareholders will need to decide whether "the losses will be bigger than we can sustain".

The three shareholders have agreed to inject C$100m into Unitel immediately to sustain it for the next four months. In addition, bank lenders will extend the maturity of C$650m in debt until the end of April. The banks are likely to play a crucial role in Unitel's future.

Unitel also named Mr Stanley Kabala, a senior AT&T executive, as its new chief executive.

Should Rogers not exercise its option, each shareholder will be free to sell its shares subject to the others' right of first refusal.

AMD and Intel settle chip clone dispute

By Louise Kehoe in San Francisco

Advanced Micro Devices' share price jumped 9 per cent yesterday, following the announcement that the chip-maker had settled its legal disputes with Intel, the world's leading semiconductor manufacturer.

AMD was trading at $31¼ in mid-session, up from Wednesday's close of $28⅝.

The Silicon Valley chipmakers have been battling for seven years over AMD's rights to "clone" Intel microprocessors, the "brain" chips for personal computers.

In an out-of-court settlement, they have agreed to drop all legal actions against one another. They also agreed not to file any further legal actions relating to past activities.

The fight began in 1987 when the companies accused each other of reneging on a 1982 technology partnership under which they had planned to jointly develop microprocessors and related chips. Intel accused AMD of copyright, patent and trademark infringement. AMD accused Intel of breach of contract, and brought an anti-trust case.

Intel remains the dominant force in the PC microprocessor sector with a world market share of close to 90 per cent. However, AMD has gained a lucrative foothold with its "clones" of Intel's 386 and 486 chips.

Under the terms of the settlement, Intel has granted AMD a perpetual licence for the microcode – an internal program that controls a microprocessor – for the 386 and 486 chips.

However, the agreement stipulates that AMD cannot copy Intel microcode for its next-generation microprocessor, the K5, to be launched this year as a competitor to Intel's Pentium. AMD also agreed to limit to 20 per cent the portion of 486 clone chips with Intel microcode manufactured by third party "foundries".

Cash settlements will include a $58m payment to Intel for past damages relating to AMD's use of Intel technology, and a $18m to AMD for breach of contract.

Banco Popular hit by lower interest revenue

By Tom Burns in Madrid

Banco Popular became the first of Spain's big banking groups to declare its 1994 results yesterday when it reported a 3.5 per cent fall in pre-tax profits, to Pta85.7bn ($641.9m), compared with 1993.

Net income rose 1.3 per cent to Pta54.6bn after lower corporate tax provisions.

The figures, which were in line with analysts' projections, underlined the difficulties faced by the banking sector last year, and the prospect of largely flat results by most of the big institutions.

Popular was penalised by a fall in interest revenues and by sharp losses in treasury income. It is ranked fifth among the big domestic banking groups and is majority-owned by foreign institutions.

Interest revenues fell 15.1 per cent to Pta297.8bn. The drop was offset by a 26.3 per cent reduction in interest expenses, which allowed Popular to post net interest income of Pta159.5bn, a fall of 2.2 per cent on 1993.

Income from trading in financial assets tumbled to Pta693m from Pta3.2bn.

Popular remained true to its highly conservative profile and raised its provisions for credit losses last year by 3.6 per cent to Pta24.7bn, a move that helped lower its ratio of non-performing loans against total risks to 2.4 per cent against 2.9 per cent in 1993.

Popular remained highly profitable, although its return on average total assets slipped to 1.97 per cent from the 2.08 per cent posted at the end of 1993.

Panama to restructure $50m of bank debt

By Richard Lapper

Panama has offered terms to creditors to restructure some $50m of commercial bank debt.

The offer, described as generous by one banker yesterday, augurs well for the prospects of talks to reschedule Panama's overall debt of some $3.5bn.

These are expected to begin next week and could lead to the issue of Brady bonds by the Panamanian government.

The offer affects loans worth $43.9m originally extended as working capital to a number of government agencies in 1985. Interest due – estimated at $10m – will be recalculated at six-month Libor and paid in cash, but without any additional interest charged.

Creditors can convert their loans either into four-year loans or four-year lines of credit, with interest repaid at the London inter-bank borrowing rate or Libor. Alternatively they can agree that their debts will be treated in the same way as the longer-term debt which is the subject of next week's talks.

On the secondary debt markets Panamanian debt has been trading at a discount of between 55 and 65 per cent to its face value in recent days. Prices have fallen in line with the decline in Brady bonds issued by other Latin American governments.

Panama began talks with its creditors in 1994 but postponed meetings due to a change in government from former President Guillermo Endara to the new leadership of Mr Ernesto Perez Balladares in September.

Citicorp's 51% gain tops market estimates

By Richard Waters in New York

Citicorp shrugged off a sharp drop in trading revenues in 1994 to report a 51 per cent jump in net income for the year to $3.4bn (equivalent to a 78 per cent increase before accounting changes in both years).

J. P. Morgan, meanwhile, whose profits are more closely tied to the financial markets, suffered a 23 per cent fall in after-tax earnings, to $1.2bn.

Citicorp's results were achieved on total revenues of $16.7bn, up from $16bn in 1993. While non-interest income slipped 7 per cent, due largely to the trading results, net interest income climbed 16 per cent.

The bank also benefited from an improving credit picture, with a 28 per cent fall in loan loss provisions to $1.9bn. Earnings per share for the year were $6.29, up from $4.11 in 1993, while the bank's return on shareholders' funds climbed to 21.4 per cent from 17.7 per cent.

Citicorp's results were boosted by a stronger-than-expected fourth quarter, due in part to a lower tax charge. Even without this, though, the bank exceeded most market forecasts with net income of $1bn, or $1.95 a share, compared with $488m, or $1.06, in the final three months of 1993.

J. P. Morgan's 1994 profits fell on lower revenues, which at $5.5bn were 12 per cent lower than the year before. Trading revenue halved to $1bn, and income from corporate finance dropped 18 per cent to $434m. These declines were partially offset by fee increases and gains from the sale of investments.

For the year, earnings per share fell to $6.02, from $7.80 (or $8.48 before the effect of accounting changes).

The bank's fourth-quarter net income of $193m, or 96 cents a share, was down from $392m, or $1.92, in the final three months of 1993.

The fall reflected a decline in trading income, about which the bank had warned in mid-December.

NEWS DIGEST

Bayer reclaims brand name in US after 80 years

Bayer, the German chemicals and pharmaceuticals company, is to reclaim its name in the US, where it has been unable to use for nearly 80 years, writes Daniel Green in New York.

It will change its US name from Miles Inc to Bayer Corporation in April. The move is possible because of last summer's $1bn acquisition of Sterling Health's North American non-prescription drugs business, which included the Bayer brand.

The company will also raise the proportion of its capital and research and development spending in the US. It plans to spend more than $1bn a year in the US.

Mr Manfred Schneider, Bayer's chief executive, said that "sales in Europe have stagnated due to recession in the west and the reforms in the east", while "we have seen very satisfactory growth in north America".

Consortium to buy 34% of Czech auto group

A consortium made up of Daewoo of South Korea and Austria's Steyr-Daimler-Puch is to acquire a 34 per cent stake in Avia, the loss-making Czech light commercial vehicle-maker, from the Czech government. The deal is worth Kcs148m ($5.3m), write Vincent Boland in Prague and Kevin Done in London.

This is the second foreign investment in the troubled Czech commercial vehicle industry, following Renault's purchase of a stake in Karosa, the bus and truck maker in 1993.

The industry is struggling to overcome heavy losses following the collapse of its traditional markets in the former Soviet bloc.

The deal marks a further step by Daewoo, South Korea's third largest vehicle-maker, to establish a presence in eastern Europe, where it bought a majority stake late last year in Automobile Craiova (formerly Oltcit), the small Romanian carmaker.

Daewoo has ambitious plans for entering the European vehicle market, and is to begin selling new cars in the UK this year.

It is understood that Daewoo and Steyr have pledged to invest money apart from the sale cost to develop the Avia brand name.

About 45 per cent of Avia's shares have been sold to private investors, and the Daewoo and Steyr deal will reduce the state's holding to just above 20 per cent.

American Barrick drops plan to sell four mines

American Barrick, the Toronto-based gold producer, has abandoned plans to sell four North American gold mines it acquired last year as part of its takeover of Lac Minerals, writes Bernard Simon.

Barrick has had difficulty finding buyers for the properties because of the recent drop in the gold price and turmoil in financial markets. "We see more value than others," Barrick said yesterday.

It said the mines would benefit from Barrick's active gold-hedging programme and from the economies of scale which, as part of the biggest gold producer outside South Africa, could be achieved.

The four properties are the Macassa and Golden Patricia mines in Ontario, the Bullfrog mine in Nevada, and the Red Mountain project in British Columbia, which has yet to be developed into a producing mine.

The three existing mines have a combined annual output of about 400,000 ounces. Red Mountain is expected to start production in 1996-97 with an annual output of about 200,000 oz.

Fannie Mae bucks trend with record earnings

The Federal National Mortgage Association (Fannie Mae), the shareholder-owned institution which dominates the US home loans business, reported record earnings for 1994. This was in spite of a 40 per cent drop in new mortgages taken out during the year, and a bond market crash, writes Richard Waters.

The company, which operates with an implicit guarantee from the Federal government, made after-tax profits of $2.1bn, equivalent to an average return on equity of 24 per cent.

Net income was 14 per cent higher than 1993's figure, with earnings per share up to $7.77 from $6.82.

For the final three months of 1994, Fannie Mae reported after-tax profits of $555m, or $2.02, against $494m, or $1.80.

The earnings should make Fannie Mae one of the most profitable big US financial institutions of the year. This was achieved in a shrinking US mortgage banking industry, blamed on a fall in mortgage lending as interest rates rose.

Fannie Mae bolstered its earnings by buying mortgage-backed securities in the secondary market, lifting its mortgage portfolio by 16 per cent to $206bn.

Zurich Reinsurance to acquire Re Capital

Zurich Reinsurance Centre Holdings is to acquire Re Capital of the US, Reuter reports from New York. Re Capital has 7,049,890 shares outstanding.

Re Capital shareholders will receive $18.50 in cash per common share, and Zurich Reinsurance will assume all obligations under Re Capital's 5½ per cent convertible debentures, due August 1 2000, that are not converted before the closing.

John Deere Insurance Group of the US has granted Zurich Insurance an option to acquire its 3.09m shares of Re Capital, or 43.8 per cent of outstanding shares, at $18.50 a share.

John Deere Insurance Group, part of Deere and Co, has agreed to vote in favour of the transaction.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for trading on 13.01.95: Pool purchase price £/MWh	Final Prices for Trading on 16.12.94: Pool purchase price £/MWh	Pool selling price £/MWh
0030	23.86	8.99	8.99
0100	25.07	25.02	27.17
0130	29.87	28.75	30.89
0200	29.87	28.75	30.89
0230	25.07	28.75	30.89
0300	25.07	9.64	11.79
0330	25.07	9.64	11.79
0400	25.07	9.29	9.29
0430	25.07	8.99	8.99
0500	23.86	9.12	9.12
0530	24.09	9.12	9.12
0600	10.06	9.08	9.08
0630	24.09	9.08	9.08
0700	30.78	29.46	31.61
0730	37.07	32.14	34.30
0800	45.59	33.79	38.02
0830	72.34	34.11	36.44
0900	73.51	36.58	39.08
0930	48.43	49.47	52.03
1000	48.33	49.46	52.02
1030	47.43	49.16	51.63
1100	40.52	36.33	38.75
1130	40.21	34.31	36.71
1200	70.93	48.84	51.22
1230	70.16	48.62	50.92
1300	68.08	33.80	36.04
1330	36.91	32.63	34.81
1400	33.33	32.15	34.31
1430	33.03	31.42	33.57
1500	42.03	31.41	33.56
1530	42.04	31.46	33.63
1600	33.93	37.79	41.23
1630	89.31	65.38	75.59
1700	162.04	113.97	131.64
1730	211.41	128.53	147.60
1800	184.70	114.58	130.59
1830	104.05	80.14	91.32
1900	64.48	49.17	54.03
1930	43.66	42.52	45.60
2000	38.31	37.39	39.68
2030	38.04	33.19	35.34
2100	29.86	34.21	36.35
2130	29.14	33.16	35.31
2200	29.85	29.48	31.61
2230	10.74	29.32	31.46
2300	10.06	29.38	31.52
2330	8.90	9.12	9.12
2400	9.85	9.08	9.08

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0802-456789 between 8.30am and 5.15pm Monday to Friday.
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INTERNATIONAL COMPANIES AND FINANCE

Morgan Stanley tops European M&A league

By Nicholas Denton

A strong performance by their European corporate finance arms has boosted claims by Morgan Stanley and S. G. Warburg, the US and UK investment banks, that they can prosper in spite of the collapse of their merger talks.

Morgan Stanley rose to first place and Warburg to third in the league table of advisers on European crossborder acquisitions in 1994 published yesterday by Acquisitions Monthly magazine.

The two houses improved their positions in spite of each disparaging the other's capabilities as negotiations on an alliance broke down last month.

Morgan Stanley officials said S. G. Warburg was not worth buying without Mercury Asset Management, its fund managing arm, and implied that Warburg's international investment banking business was weak.

Warburg suggested Morgan Stanley needed a partnership to give it the breakthrough in European investment banking which it could not achieve alone, offending executives at its US negotiating partner.

The survey nevertheless showed Morgan Stanley advised on 17 deals valued at £6.8bn ($10.61bn), including Nobel Industrier's £2.05bn bid for Akzo, the largest European crossborder deal in 1994.

Warburg's £5.6bn of transactions gave support to its belief that it can maintain a strong corporate finance and equity business without an international alliance and without a strong Eurobond operation.

US investment banks showed the inroads they have been making in European corporate finance with Morgan Stanley and Goldman Sachs (with £6.6bn of transactions) taking the top two positions.

Another US company, Merrill Lynch, the leading eurobond house, reaped the rewards of an aggressive drive into corporate finance by entering into the rankings in ninth place.

Investment banks which have developed expertise on particular industrial sectors appear to have won business. Apart from US investment banks, which first organised themselves around industries they covered, Kleinwort Benson of the UK, which followed the US model, improved its market share.

Financial advisers on European crossborder deals January - December 1994

Adviser	Deals	Value (£m)
Morgan Stanley	17	6,796
Goldman Sachs	36	6,592
S.G. Warburg	26	5,597
Kleinwort Benson	13	4,352
Lazards	22	4,071
UBS	10	4,028
Alfred Berg	5	2,595
Morgan Grenfell	24	2,126
Merrill Lynch	8	2,113
Banque Indosuez	5	2,063

Source: Acquisitions Monthly

Go-ahead for Dome Resources

Dome Resources, the Australian exploration group, said yesterday that it believed it now had all the necessary regulatory permits to allow the development of the Tolukuma goldmine in Papua New Guinea to proceed, writes Nikki Tait in Sydney.

The deposit is situated about 100km north of Port Moresby, the PNG capital, and Dome is planning to establish an open-pit operation, producing about 50,000 ounces of gold and 140,000 of silver annually over a six-year mine life.

Profits at Alcoa of Australia fall 40%

By Nikki Tait in Sydney

Alcoa of Australia, the integrated aluminium producer, saw after-tax profits fall by more than 40 per cent last year, to A$267.6m. Net profit for the fourth quarter alone was A$71.2m (US$205.8m), compared with A$88.9m in the same period of the previous year.

In part, the 1994 result was due to the inclusion of an abnormal tax gain of A$59.7m in the previous year's figure. At the operating profit level, before abnormal items and tax, Alcoa's surplus was down 34.4 per cent to A$383.5m; total operating revenue was 6.7 per cent lower, at A$2.08bn.

Alcoa blamed the profits fall on lower US dollar prices for alumina and chemicals, and the unfavourable impact of the stronger Australian dollar on US dollar-denominated revenues. It said lower alumina and ingot production costs, and higher sales volumes in some areas, helped offset the currency and price impacts.

It held out the prospect of an improvement in 1995, due to "substantially higher metal prices" and some recovery in the alumina market.

Alcoa of Australia is owned jointly by the US Alcoa group and Australia's Western Mining Corporation. However, last year WMC agreed to buy into Alcoa's other international bauxite/alumina-based international interests and to reduce its stake in Alcoa of Australia from 48.25 per cent to 39.25 per cent.

Peregrine Investments

Peregrine Investments, the merchant bank, was censured recently by the Hong Kong Stock Exchange for failing to supervise certain staff, thereby assisting substantial shareholders of a number of listed companies to create a misleading appearance of active trading. This clarifies the position between the exchange and the bank.

Vietnam slips uneasily into capitalism

The private sector is taking the risks as the country develops, finds **Kieran Cooke**

When, in the late 1980s, Vietnam changed its economic policies and allowed the development of the private sector, Mr Le Van Kiem went into his back garden and dug up his gold.

Those carefully accumulated savings, plus money remitted by relatives in the US, enabled him to start one of Vietnam's first private companies.

That company, Huy Hoang, founded and run by Mr Kiem and his family, encompasses garment manufacturing, construction and property development, tourism, banking and investment. Mr Kiem is one of the main shareholders and vice-chairman of VP Bank, a so-called joint stock enterprise between the state and the private sector.

"I'm considered to be a socialist capitalist," says Mr Kiem with a smile. "Vietnam needs companies such as Huy Hoang. We can create jobs and help the country develop. The Vietnamese are skilful at business but lack confidence. I was one of the first to take a risk."

When Vietnam starts its stock market – probably sometime this year – parts of the Huy Hoang conglomerate will be listed, he says.

Mr Kiem started Huy Hoang in 1990 with capital of US$1m. It is now known throughout the country and in the last financial year had a turnover of $32.5m, which is forecast to rise to nearly $50m in the current year.

The core business is garment manufacturing. More than 3,000 workers are employed at two garment factories near Ho Chi Minh city (the former Saigon) and another, employing 1,200, is due to open soon.

Vietnam, ravaged by years of war and chronically short of capital to develop industry, has few factories producing garment materials. Nearly 90 per cent of materials for the garments Huy Hoang exports to Japan and Germany have to be imported. The import content is reduced for lower quality exports to eastern Europe and the Commonwealth of Independent States.

Workers earn an average of between $40 and $50 a month.

Le Van Kiem: considered a 'socialist capitalist'

After the communists took control of the south of Vietnam in the mid-1970s, the country's economic planners introduced policies to integrate the communist north with the capitalist south. Up to the late 1980s any private sector business was suspect. That has now changed, although some bureaucrats are still uneasy with the idea of private sector development.

Mr Kiem, originally from the ancient city of Hue in central Vietnam, worked as a government engineer. He and his wife set up an animal feed business in their spare time and then went into paint products. Mr Kiem's wife, a chemical engineer, discovered a way of mixing colours for paints using the seeds of rubber trees.

"It was a very profitable business and we could have expanded," says Mr Kiem. "But in the early 1980s officials would accuse you of exploiting people if you employed more than 20 workers. Then others stole the idea so we moved on to a different business."

Official attitudes have changed. Mr Kiem is now lauded as one of Vietnam's leading entrepreneurs. Last year he was part of an official delegation to Canada to try to drum up foreign investment.

He is unusual in that he is a successful ethnic Vietnamese businessman, rather than Chinese. The Chinese community in Vietnam is small, only about 500,000 in a population of more than 70m. But, as in other countries in south-east Asia, it has great economic influence.

In Vietnam, the Chinese have the advantage of being able to use capital from relatives in Bangkok, Hong Kong or Taiwan to start or expand businesses. During Vietnam's economic turmoil of the late 1980s, when inflation was running at more than 100 per cent a year, Mr Kiem converted his savings from his paint business into gold and buried it in his garden.

"For Vietnamese business people, raising capital is the greatest problem," says Mr Kiem. "Banks only make short-term loans at rates of more than 30 per cent. We had savings to put into a business. Once it was up and running and there was cash flow, problems were easier to deal with."

"The private sector here can be successful," says Mr Kiem. "But we need stable policies. The government is encouraging us. Some people say the rich just exploit and do no work. They say we eat out of gold rice bowls. It's not true. Now I'm rich I have to work harder than ever before."

JAS plans alliance with Northwest Air

By Gerard Baker in Tokyo

Japan Air System (JAS), the country's third largest airline, is negotiating with Northwest Airlines of the US to establish a wide-ranging tie-up between the two carriers. The move comes as JAS continues to withdraw from international routes in the face of strong competition from Japanese and other airlines.

The co-operation is expected to begin with route connections, but could eventually include the joint use of equipment, aircraft maintenance facilities and other airport services. JAS said the initial plan was for domestic routes of the Japanese company using Kansai International Airport, near Osaka, to connect with Northwest's international routes.

Northwest, the fourth largest US carrier, flies from Kansai to five destinations, including Honolulu, Los Angeles and Detroit. JAS plans to run 17 flights on 12 domestic routes from the airport. The link would enable passengers to fly from Japanese airports not served by international routes through Kansai and onwards. Other connections, including the use of Northwest's flights through Tokyo's Narita airport, are also under consideration.

JAS has been withdrawing its international routes over the last few years as competitive pressures and the strong yen have undermined profitability. From the spring it will operate just one international route – flights from Tokyo to Seoul.

Other Japanese airlines have recently signed up with US carriers as part of a series of global alliances. Japan Airlines plans to develop links with American Airlines, while All Nippon Airways is considering co-operation with Delta.

KLM Royal Dutch Airlines holds a 25 per cent stake in Northwest, the maximum level allowed under US law.

Thailand allows foreign banks to expand

By William Barnes

The Thai finance ministry has given 22 foreign banks approval to open a total of 37 banking offices in five provinces outside Bangkok.

Mr Tarrin Nimmanahaeminda, finance minister, said this further step in the liberalising of the Thai banking sector should "help to lift up-country banking to international standards".

The move follows the setting up two years ago of the Bangkok International Banking Facility, which gave 47 local and foreign banks tax incentives to boost the Thai capital as an international banking centre.

Mr Tarrin said the new offices would "help to channel more foreign funds into the provinces and not just into Bangkok. There will be a growing demand to fund the building of infrastructure up-country".

Although foreign exchange deposits are permitted, the foreign ministry has said that each customer must borrow at least $500,000 in foreign currency; the new offices will only be able to hold a maximum of Bt1bn ($39.8m) in outstanding Baht loans.

Thai finance house set to raise $250m

By William Barnes in Bangkok

Thailand's biggest finance house, Finance One, is to raise about $250m by placing 100m new shares with one Singapore and three local investors and making a one-for-two rights issue to fund expansion.

The company has shelved plans to make a public share offer, saying it would have had to offer too deep a discount to make them attractive.

The Singapore Investment Corporation, Italian-Thai Development, United Communications Industry and Tipco Asphalt will each buy 4.5m shares priced at between Bt360 and Bt420, the actual price to depend on the company's traded price at the end of the subscription period. Finance One shares last traded at Bt330 before being suspended pending the announcement.

INTERNATIONAL CAPITAL MARKETS

Germany benefits from stronger D-Mark

By Graham Bowley in London and Lisa Bransten in New York

The German government bond market was the main beneficiary of a continued "flight to quality" yesterday, as budget and political worries and concerns about troubles in Mexico continued to dog international bond markets.

These worries buffeted the foreign exchange markets, where the US dollar, lira and peseta weakened against a strong D-Mark, providing a further boost to bunds.

The March bund futures contract on Liffe rose by 0.38 point to 89.37, lifted further by weaker-than-expected figures for gross domestic product in 1994.

■ Swedish government bonds fell sharply in afternoon trading as the Swedish krona *weakened against the D-Mark* and after S&P, the US credit rating agency, confirmed the country's AA+ rating but revised its outlook from stable to negative.

The yield spread over bunds widened to 364 basis points from 350.

GOVERNMENT BONDS

Dealers said that Swedish bonds had been strongly supported by domestic Swedish investors over previous days but had been undermined by US investment houses, who are more pessimistic about the country's prospects.

■ Other European government bond markets remained generally flat in thin trading, although spreads widened against Germany.

Italian government bond futures on Liffe fell 0.18 points and the spread over bunds widened to 497 from 491 basis points. The spread on Spanish bonds widened 6 basis points to 454 basis points.

The French notional bond futures contract on Matif settled at 110.20, up 0.1 points.

■ UK gilts rose slightly in thin trading, with only about 42,000 futures contracts traded on Liffe.

After the Bank of England cleared its existing taplets on Wednesday, traders said the market is now on hold for the next auction announcement due today. An auction of five-year gilts is expected to be announced, although a sale of 15-year gilts has not been ruled out, dealers said.

The spread over bunds was little changed at 127 basis points.

■ Canadian government bonds fell sharply as the Canadian dollar weakened and the Bank of Canada raised *short-term interest rates.*

The yield on 10-year government bonds rose 8 basis points to 9.45 per cent.

■ US Treasury prices gave back all of Wednesday's gains yesterday morning as the dollar sank against the Japanese and German currencies.

By midday, the 30-year government bond was down $\frac{11}{32}$ at 95%, yielding 7.876 per cent. At the short end of the market, the two-year note was down $\frac{1}{32}$ at $99\frac{27}{32}$, yielding 7.568 per cent.

In morning trading, the dollar fell against the yen to Y98.69 from Y100.05 late Wednesday and against the D-Mark to DM1.265 from DM1.536. Gains in the price of gold, seen as an indicator of *inflation, also contributed to* the downtick on the bond market. The spread between the yields on two-year and 30-year bonds widened to more *than 31 basis points as the long* bond outperformed shorter notes.

A widening spread is interpreted as a sign that the market is worried inflation will erode the value of longer-term securities.

Investors paid little attention to a jump in initial unemployment claims for the week ended January 7. The number of US residents seeking unemployment benefits that week grew by 17,000 to 355,000, where economists had predicted a figure closer to 325,000.

Statistics on initial claims are often volatile especially in the weeks surrounding the holidays, according to analysts at Donaldson, Lufkin & Jenrette, who warned against assuming *the data was indicative of* rising unemployment.

Build-up in Mexico's short-term borrowing

By Graham Bowley

The precarious nature of Mexico's foreign debt position was evident in the first half of 1994, according to statistics published today by the Bank for International Settlements.

BIS figures on cross-border lending by western banks highlight a growing reliance by Mexico on short-term borrowing.

The country had a total of $58.3bn debt by June 1994, of which 48.8 per cent had a maturity of one year or less, up from 42.4 per cent at the end of 1992.

However, the Bank's figures show a general build-up of short-term debt across most regions, including Asia, eastern Europe and other countries within Latin America.

Argentina had a total of $31.0bn debt, 56.6 per cent of which was short-term debt, up from 47.6 per cent at the end of 1992.

Of Brazil's $52.2bn debt, 55.3 per cent was short-term borrowing, compared with 48.5 per cent in 1992.

In Latin America, the move to short-term funding was due to large short-term inflows, while the changes in eastern Europe reflected the maturing of long-term debt and the absence of new credit, the Bank said.

The Bank reported a further fall in the relative and absolute importance of public sector debt for nearly all regions, which was partially offset by some pick-up in direct lending to the private non-bank sector.

Asian countries accounted for more than half the total increase in western banks lending to other countries in *the first half of 1994.*

S&P reaffirms Sweden's ratings

By Christopher Brown-Humes in Stockholm

Sweden's efforts to tackle its fast-growing debt won cautious approval yesterday when Standard & Poor's, the US ratings agency, reaffirmed its ratings on Swedish debt less than a week after a downgrading by Moody's.

But S&P warned that Sweden still risked being downgraded if it deviated from its tough fiscal programme to halt debt growth by 1998 at the latest. It also suggested the slow pace of debt reduction left little room for manoeuvre if the country's economic recovery faltered.

S&P's decision to affirm Sweden's foreign currency rating at AA+ – its second-highest grade – puts its assessment two notches higher than the Moody's equivalent of Aa3. It is unusual for the two credit rating agencies to take such differing views.

The market welcomed the announcement, as S&P had been expected to downgrade Sweden immediately. Bond yields eased initially, but the gains were reversed later in the day. The eight-year bond closed 8 basis points higher at 11.08.

S&P indicated it was broadly satisfied with Sweden's efforts to deal with the hole in its finances. Earlier this week, the *Social Democratic government* announced plans to slash spending by a further SKr21.7bn ($2.9bn) to help bring the annual budget deficit down from SKr200bn, or 13 per cent of GDP.

However, concern that Sweden might not keep to the programme led S&P to revise its foreign currency rating outlook from stable to negative.

The agency warned: "In adopting a fairly slow pace of deficit reduction and over the medium-term a high debt burden, Sweden sacrifices some of its flexibility in dealing with potential adverse developments. More specifically, it runs the risk of facing another economic downturn before its fiscal position has improved."

CBOT to extend hours on electronic system

By Laurie Morse in Chicago

The Chicago Board of Trade is to extend the hours of its electronic futures trading system, Project A, starting March 30.

The after-hours trading system currently bridges the two-hour gap between the end of the exchange's afternoon and evening open-outcry sessions.

After March 30, the system, which allows electronic execution of the CBoT's financial futures contracts, will operate *overnight between 10.30pm and* 6.00am Chicago time, Mondays to Thursdays, and in the two-hour period between 2.30pm and 4.30pm.

Project A trading is available to CBoT members in Chicago and New York.

Later this year, the exchange plans to offer access to the Project A system on Bloomberg terminals worldwide. Trade execution on Project A will be limited to CBoT members.

Project A has averaged 1,704 contracts an afternoon since it was launched on October 20.

Finland taps sterling sector for £250m

By Martin Brice

Euromarket investors were yesterday offered deals in a variety of currencies, mostly in shorter maturities. The market also saw two two-year dollar issues, in spite of a slight narrowing of swap spreads in the two-year dollar area, which makes bringing an issue more difficult.

INTERNATIONAL BONDS

This issuance suggests the overhang of this paper from the past week's $7bn of bonds may be shrinking. While the spreads on some issues have widened since launch, others have performed well. "They are not all dead in the water," said one syndicate manager.

The Republic of Finland offered a rare 15-year sovereign issue to the sterling sector, with £250m of bonds carrying a 9⅜ per cent coupon at 62 basis points over the 9 per cent gilt due in 2008.

The bonds were brought through joint book-runners BZW and UBS, which reported sales in Asia and the US, but mostly to UK pension funds.

To offset their liabilities, these institutions seek longer-dated sterling bonds and there is a dearth of gilts at this maturity.

Abbey National Treasury Services, part of the UK bank, used UBS to bring its two-year $200m dollar deal with an 8 per cent coupon at a spread of 30 over the US Treasury bond. It *held that spread when freed to* trade. American Express Centurion Bank brought its $200m two-year bond, with an 8⅛ per cent coupon at 43 over the Treasury, through Lehman Brothers.

Both deals received demand from retail and institutional investors, lead managers said.

Nomura targeted two deals at Japanese retail investors for Australian provincial governments. Victoria brought A$200m of bonds at a deep discount to the three-year sector, while New South Wales offered Y20bn of five-year bonds calla*ble after three years.*

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Abbey Natl.Treasury Services	200	8.00	99.974R	Feb.1997	0.15R	+30(7½%-96)	UBS
American Express Centurion Bk.	200	8.125	99.943R	Jan.1997	0.175R	+43(7½%-96)	Lehman Brothers Intl.
YEN							
NSW Treasury Corp.(a)★	20bn	(a1.l)	99.99	Feb.2000	0.40	-	*Nomura International*
STERLING							
Republic of Finland	250	9.375	98.95R	Feb.2010	0.50R	+62(9%-08)	BZW/ UBS
Britannia B/S(b)‡	125	(b1)	99.825R	Jan.2000	0.125R	-	Kleinwort Benson
Abbey Natl.Treas.Services(c)‡	75	(c1.l)	100.00R	Feb.1998	0.125R	-	Goldman Sachs International
ITALIAN LIRE							
DSL Bank(l)	200bn	11.20	100.96	Mar.1997	1.125	-	BNL/ JP Morgan Securities
GUILDERS							
De NIB	200	7.75	99.35R	Feb.2003	0.325R	+20(7%-03)	ABN Amro Bank
LUXEMBOURG FRANCS							
BMW Finance(l)	2.5bn	8.10	102.45	May.2000	1.75	-	BGL/ BCEE
Bremer LB Finance Curacao(l)	2bn	8.00	102.35	May.2000	1.75	-	Kredietbank
DSL Finance(d)	1.5bn	8.00	102.30	Dec.2000	1.875	-	BGL/ Banque Paribas Lux.
AUSTRALIAN DOLLARS							
Treasury Corp. of Victoria★	200	4.50#	86.675	Jan.1998	1.375	-	Nomura International

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ ‡‡‡‡‡‡Floating-rate note. #Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) Callable on 2/2/98 at par. a1) 3.9% to 2/2/98 and 4.1% thereafter. b) Callable on any coupon date from Jan.99 at par. b1) 3-mth Libor +⅛%. c) Callable on 16/2/96 at par. c1) 3-mth Libor +⅜% for 1st yr and 10% fxd annual thereafter. d) Fungible with LFr4.5bn. Plus 31 days accrued. l) Long 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	92.1300	+0.400	10.30	10.33	10.31
Belgium		7.750	10/04	95.2400	+0.100	8.48	8.55	8.35
Canada *		9.000	12/04	97.1500	−0.400	9.45	9.22	9.15
Denmark		7.000	12/04	86.5700	+0.220	9.11	9.10	8.76
France	BTAN	8.000	05/98	100.5000	-	7.78	7.89	7.27
	OAT	7.500	04/05	94.8500	+0.180	8.29	8.45	8.10
Germany Bund		7.375	01/05	98.5500	+0.360	7.59	7.76	7.50
Italy		8.500	08/04	79.6800	+0.150	12.15†	12.14	12.03
Japan	No 119	4.800	06/99	103.5230	+0.230	3.87	3.94	3.82
	No 164	4.100	12/03	96.7690	+0.310	4.61	4.72	4.58
Netherlands		7.250	10/04	96.8000	+0.300	7.72	7.87	7.67
Spain		10.000	02/05	87.3100	+0.230	12.07	11.75	11.35
UK Gilts		6.000	08/99	90-09	+3/32	8.60	8.63	8.50
		6.750	11/04	87-12	+6/32	8.68	8.73	8.52
		9.000	10/08	102-21	+4/32	8.66	8.69	8.50
US Treasury *		7.875	11/04	100-11	−1/32	7.82	7.86	7.77
		7.500	11/24	95-18	-9/32	7.89	7.90	7.84
ECU (French Govt)		6.000	04/04	83.1600	+0.080	8.72	8.81	8.52

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime — Treasury Bills and Bond Yields

Prime rate	8½	One month	5.47	Two year	7.55
Broker loan rate	6½	Two month	5.60	Three year	7.72
Fed.funds	5½	Three month	5.76	Five year	7.81
Fed.funds at intervention	5½	Six month	6.50	10-year	7.80
		One year	7.10	30-year	7.86

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	110.22	110.20	+0.10	110.38	110.00	127,024	128,828
Jun	109.50	109.46	+0.10	109.50	109.30	250	3,499
Sep	108.94	108.90	+0.10	108.94	108.80	38	1,335

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Feb	Calls Mar	Calls Jun	Puts Feb	Puts Mar	Puts Jun
109	-	-	1.95	0.18	0.61	1.53
110	0.64	1.14	1.42	0.50	0.98	-
111	0.21	0.68	-	-	-	-
112	0.05	0.35	-	-	-	-
113	-	0.16	-	-	-	-

Est. vol. total, Calls 10,840 Puts 15,028. Previous day's open int., Calls 173,693 Puts 151,691.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.10	89.31	+0.32	89.43	89.05	139759	191402
Jun	88.83	88.74	+0.31	88.82	88.54	749	2103

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
8900	0.53	0.85	0.76	1.05	0.22	0.54	1.02	1.31
8950	0.27	0.58	0.55	0.84	0.46	0.77	1.31	1.60
9000	0.12	0.38	0.39	0.66	0.81	1.07	1.65	1.92

Est. vol. total, Calls 25613 Puts 10577. Previous day's open int., Calls 169019 Puts 112133

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.40	98.02	+0.06	98.40	97.71	34389	49243
Jun		97.17	+0.03			0	55

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
9800	1.42	2.22	1.40	3.05
9850	1.17	2.01	1.65	3.34
9900	0.94	1.81	1.92	3.64

Est. vol. total, Calls 1302 Puts 2883. Previous day's open int., Calls 18337 Puts 18196

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	82.78	82.40	-0.01	82.90	82.06	66,325	52,181
Jun		82.61				50	50

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100-28	100-28	+0-05	101-03	100-14	41787	91646
Jun		101-02	+0-07			0	308

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
100	1-42	2-41	0-50	1-37
101	1-05	2-07	1-13	2-03
102	0-41	1-42	1-49	2-38

Est. vol. total, Calls 4110 Puts 1849. Previous day's open int., Calls 35788 Puts 38241

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	80.26	80.24	+0.06	80.42	80.16	2,772	6,088
Jun	-	79.98	+0.06	-	-	-	1

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	99-20	99-12	-0-07	99-28	99-11	392,151	356,505
Jun	99-06	99-00	-0-06	99-13	98-31	2,353	16,190
Sep	99-01	99-03	+0-03	99-03	99-01	22	1,485

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	108.57			108.57	108.38	3653	0
Jun	107.65			107.78	107.65	50	0

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thur Jan 12	Day's change %	Wed Jan 11	Accrued interest	xd adj. ytd
1 Up to 5 years (24)	118.96	+0.02	118.93	1.75	0.51
2 5-15 years (22)	139.39	-	139.38	2.58	0.00
3 Over 15 years (8)	155.00	+0.11	154.84	2.13	1.19
4 Irredeemables (6)	175.74	−0.10	175.92	1.71	0.00
5 All stocks (60)	136.28	+0.03	136.24	2.24	0.37
Index-linked					
6 Up to 5 years (2)	187.60	+0.13	187.35	1.43	0.00
7 Over 5 years (11)	173.11	+0.21	172.75	0.62	0.29
8 All stocks (13)	173.72	+0.20	173.37	0.70	0.26

	Low coupon yield Jan 12	Jan 11	Yr. ago	Medium coupon yield Jan 12	Jan 11	Yr. ago	High coupon yield Jan 12	Jan 11	Yr. ago
5 yrs	8.68	8.69	5.77	8.69	8.69	6.00	8.90	8.90	6.11
15 yrs	8.57	8.56	6.48	8.70	8.70	6.59	8.91	8.92	6.80
20 yrs	8.54	8.53	6.58	8.70	8.70	6.63	8.84	8.86	6.61
Irred.†	8.60	8.59	6.69						

	Inflation 5% Jan 12	Jan 11	Yr. ago	Inflation 10% Jan 12	Jan 11	Yr. ago
Up to 5 yrs	4.10	4.16	2.18	2.91	2.96	1.37
Over 5 yrs	3.90	3.92	3.01	3.72	3.73	2.85

Average gross redemption yields are shown above. Coupon Bands: Low 0%-7¾%; Medium 8%-10¾%, High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Jan 12	Jan 11	Jan 10	Jan 9	Jan 6	Yr ago	High*	Low*
Govt. Secs. (UK)	90.75	90.83	90.60	90.79	90.86	108.00	107.04	89.54
Fixed Interest	109.16	109.22	109.06	109.23	109.32	131.91	233.87	106.50

* for 1994/5. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Jan 11	Jan 10	Jan 9	Jan 6	Jan 5
Gilt Edged bargains	85.8	89.3	86.6	78.3	85.6
5-day average	85.1	85.0	83.1	73.2	68.0

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:10 pm on January 12

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	88¼	88½	+⅛	8.52
Alberta Province 7⅝ 98	1000	98	98¼		8.24
Austria 8½ 00	400	101⅛	101½		8.22
Bank Ned Gemeenten 7 99	1000	95¾	96	+⅛	8.12
[illegible]					

COMPANY NEWS: UK

Northern Electric's slogans have fallen foul of the Takeover Panel

Anti-Trafalgar T-shirts banned

By Chris Tighe

Plans by Northern Electric for a publicity campaign against the hostile bid launched by the conglomerate Trafalgar House have been stymied by the Takeover Panel's strict rules.

This week's pointed comparisons by Northern Electric chairman Mr David Morris in media interviews between Trafalgar's aspiration to run a regional electricity company and its problems over the QE2 liner refit have not breached any rules. But anti-bid T-shirts would be quite another matter.

"Keep it Northern Electric", the slogan the company hoped to use in a publicity campaign in its north-east England heartland, has been rejected by the Panel because, Mr David Faulkner, director of personnel and corporate affairs, explained, "it's calling on people to take a view".

"Altogether Northern Electric" has been banned too. "They said this is trying to get a consensus of support by the use of the word altogether," said Mr Faulkner.

His next attempts, "Great Northern Electric" and "Great to be Northern Electric" fared no better. These were deemed

Ted Gifford

David Morris: views on Trafalgar's aspirations firmly expressed

to emphasise the company's Northern connection, and regional identity is one of the fight's main battlegrounds.

"I don't think anybody understands how restrictive the rules are," lamented Mr Faulkner. "They are really quite severe these days, to the extent where they're quite frustrating."

Northern Electric, he insists, wants to emphasise its strengths, not vilify Trafalgar. It is now pondering whether the rec's existing corporate campaign, based on the slogan The Heart of the North, could be adapted.

The Panel, a non-statutory regulatory body whose function is to ensure fair conduct of takeover bids from the shareholders' point of view, tightened its rules on advertising campaigns around 1987, after concern over the tenor and quality of information of multi-million pound campaigns such as that waged during the Guinness-Argyll tussle over Distillers.

The Panel cannot fine or imprison anybody but since its members are drawn from leading financial and business institutions, and its leaders appointed by the governor of the Bank of England, it carries great weight.

It effectively forbids any advertising, on any medium from car stickers to hot air balloons, commenting on the merits or demerits of a bid.

Offer and defence documents may however be abrasively rude; "Keep It Northern Electric" would be permissible here but pretty tame against Lasmo's 1994 battle cry "Enterprise Oil, the financial myth". The key is that comment must be substantiated by quality information.

The restrictions heighten enthusiasm for other forms of canvassing support. Trafalgar and Northern Electric both have large in-house press relations departments but the rec has hired the help of three PR agencies, and Trafalgar two. Both have also engaged parliamentary lobbyists and are briefing business leaders and MPs, who can comment much more freely.

P&G hails Persil's New Generation

By Roderick Oram, Consumer Industries Editor

Unilever's replacement of its controversial Persil Power detergent with a new flagship product was welcomed yesterday by Procter & Gamble, its US rival.

"They appear to be acknowledging that there are still problems with the manganese catalyst in Power," one P&G senior executive said.

Unilever denied this was the case, saying that Persil Power in the UK and Omo Power on the Continent were safe to use as directed on whites and for occasional use on coloured clothes. Unilever had acknowledged that a small group of dark dyes in an earlier version of Power had had an adverse reaction with some light fabrics, but the latest version did not. It said yesterday it was continuing to work on the technology.

Persil and Omo Power would remain on sale as specialist products, while New Generation Persil would take over as the broad-use flagship product. It would be unveiled in the UK next month and then in continental markets under different names.

Further evidence of the damage Power has done to Unilever is shown by the latest UK detergent market share figures. Neilsen, the market researchers, found that Unilever's share fell to 31 per cent in late December, from 32.6 per cent before the launch of Power. Conversely, P&G's share rose from 50.6 per cent to 52.8 per cent.

Across Europe, Unilever's market share has dropped about one percentage point to about 21.5 per cent, one City analyst estimated. The resulting loss of 5 per cent of its sales volume, plus discounts to promote Power, would have hit Unilever's already slim profits. He estimated that Unilever enjoyed only a 5 per cent trading profit on some £1.2bn of European detergent sales.

New Generation Persil lacks the manganese catalyst, but draws heavily on other developments introduced with Power – some 70 per cent of that product's contents were new. Unilever had developed several formulations in the early 1990s, before choosing Power in late-1993.

New Generation is basically one of the other formulas, with enhancements. During P&G's campaign against Power last summer, Unilever began preparing another product in case consumers remained resistant to Power.

Unilever said yesterday New Generation had been tested far more thoroughly than any previous detergent. It was positive it had no side effects.

Weir shares tumble as pump arm margins suffer

By Andrew Baxter

Shares in Weir Group yesterday plunged by nearly 15 per cent, from 293p to 251p, after the Glasgow-based pumps and engineering concern said margin pressure was intensifying in its pump business.

The downbeat trading statement was coupled with an announcement of a big reorganisation of the pump business, costing an estimated £7m and 420 jobs.

The City interpreted the announcements as a move to reduce profit expectations. Mr John Dean of Albert E Sharp reduced his forecast for 1994, when the reorganisation cost will be taken, from £40.2m to £31m.

This year and next he expects profits of £46m and £53m, reduced from £53m and £57m respectively.

Weir said trading conditions in pumps continued to follow the dull pattern reported in August with the interim results. "It is disappointing to be unable to report improvement in such key areas as the demand for spare parts," the company said.

However, order input for new work in the last quarter of 1994 had shown some signs of improvement.

The reorganisation follows Weir's $210m (£135m) purchase, completed in October, of EnviroTech Pumpsystems, a leading US manufacturer of specialist pumps.

Weir's sprawling 60-acre Manchester plant will bear the brunt of the job cuts with 310 redundancies, reducing the workforce to just 336. A plant in Sacramento will also close.

Weir said employment opportunities elsewhere in the group might reduce the net job losses to 330, or 8 per cent of the employees in the pump operations.

The group had made clear when it announced the takeover in August that there would be scope for cost-cutting, along with an improved market presence. The deal took employment in the pump business to 4,000, and Weir said yesterday that there was no possibility of fully utilising all its pump plants.

The integration of EnviroTech with the other operations was making good progress, and activities in Canada, South Africa, Australia and the UK were being merged.

Acquisitions help Matthew Clark double to £7.19m

By Roderick Oram

Matthew Clark, the drinks group, reported more than doubled interim profits thanks to acquisitions of brands and a distribution business.

Pre-tax profits for the six months to October 31 were £7.19m, against £3.43m, on turnover up from £47.6m to £125.4m.

Current trading was in line with the group's expectations and consumer confidence was showing some improvement. Distribution business continued to show strong growth as trade developed with pubs free of supply ties to breweries.

The previous year's figures had included only a one week contribution from Grants of St James's, the wine business, and four months of Freetraders, a distributor. The latest figures include no contribution from Gaymer Group Europe, the cider and wine group it acquired for £105m in October.

The absorption of Gaymer was on track and would be completed in just over a year, Mr Peter Aikens, chief executive, said.

"The risk was whether they could manage the complex integration" of the companies they had bought, one analyst said. "But they are doing all the things they promised to do." He forecast full-year pre-tax profits of just over £21m, for earnings per share of 39.5p and a dividend of 20p. Once Gaymer was fully integrated, further acquisitions, particularly in drinks manufacture, were likely to follow, he added.

Operating profit margins fell from 10.1 to 7.7 per cent on branded drinks because of adding the Grants business but Gaymer should restore them. Distribution margins had fallen to 3.7 (4.7) per cent but were likely to return to better than 4 per cent longer term.

The group lifted its interim dividend to 8p (7.25p) payable from earnings per share of 20p (14.1p).

Coda in the red and no dividend

By Paul Taylor

Coda, the Harrogate-based accountancy software group, yesterday became the second recently floated computer services group this week to disappoint investors, when it announced its first loss for 15 years and passed its dividend.

Shares in Coda, which came to the market in February at 235p, had been marked sharply lower in July at the interim stage and fell a further 5p to 85p yesterday, after the group reported a £7.99m pre-tax loss for the year to October 31.

The company blamed the deficit on an earlier than expected decline in proprietary product revenues, the poor performance of its US operations and a 67 per cent increase to £5m in research and development spending.

Earlier this week, shares in McDonnell Information Systems fell sharply after the Hemel Hempstead-based computing services group, which was floated at 260p in March, issued its second profits warning in four months and announced that its finance director had resigned. MDIS shares were unchanged at 73p yesterday.

The Coda loss, which came on flat turnover of £23.4m (£23.5m) and compared with a pre-tax profit of £3.75m in the previous year, was struck after charging a one-off £5m contribution to employees' share ownership plans.

At the operating level, excluding the Esop costs, the company reported a £3.15m loss (£3.72m profits) as administrative expenses jumped to £26.5m (£19.7m).

Mr Rodney Potts, chairman, said the results were "extremely disappointing", but added that Coda remained "a financially strong, international business".

Losses per share were 27.7p against earnings last time of 10.6p.

Rosehaugh's banks reject PosTel's Broadgate offer

By Simon London, Property Correspondent

Bank creditors to Rosehaugh, the collapsed property developer, have rejected a £110m offer for the company's half share in Broadgate Properties, which owns much of the Broadgate and Ludgate office developments in the City of London.

The decision to reject the bid from PosTel, the UK's largest pension fund, is a blow for Stanhope, the property developer which owns the other half of Broadgate Properties and has been in limbo since its bank facilities expired three weeks ago.

PosTel has offered to rescue Stanhope, but only if it can reach an agreement with Rosehaugh's banks giving it full control of Broadgate Properties.

Sources close to the Rosehaugh-PosTel talks said negotiations were continuing, although the pension fund would have to raise its offer to satisfy Rosehaugh's banks.

Some banks also want to maintain an equity interest in Broadgate because they believe that property value will rise. How this might be achieved is also under discussion.

British Land, the property investment company run by Mr John Ritblat and Stanhope's other potential rescuer, also approached Rosehaugh's banks this week. Mr Ritblat had hoped to gain control of Stanhope's share in Broadgate Properties before making an offer for the Rosehaugh stake.

However, he has been frustrated by divisions within Stanhope's 16-bank syndicate and striking a deal with the Rosehaugh banks could be a way of breaking the deadlock.

Mr Roger Oldfield of KPMG Peat Marwick, Rosehaugh's receiver, declined to comment other than to say: "Our position has not changed. We remain ready, willing and able to treat with the party offering the best terms for the assets."

All-round growth helps Peter Black to 19% improvement

By Peter Pearse

All-round profits growth from continuing operations enabled Peter Black, the supplier of personal care products, footwear and accessories, to lift pre-tax profits by 19 per cent in the six months to December 3.

The increase from £7.01m to £8.35m was boosted by the final exceptional profit of £627,000 (nil) from the sale of Hornsea Freeport, the leisure business. Operating profits advanced 8 per cent to £7.81m (£7.21m) struck on turnover up almost 2 per cent at £69.9m (£68.6m).

However, discontinued operations - comprising Hornsea Freeport sold in July and the retail business sold a month earlier – accounted for £136,000 (£543,000) of operating profits and £356,000 (£4.78m) of turnover.

Mr Gordon Black, joint chairman whose family speaks for about 30 per cent of the equity, said the group was "now doing less things better". Some 65 per cent of the group's products go to Marks and Spencer, though in areas where the retailer has low market share.

The personal care side lifted profits 27 per cent to £4.13m. English Grains, which contributes about £16m to divisional turnover and does not supply M&S, continued to perform well in a growing market.

Mr Black stressed the need for EG's new £10m plant under construction in Derbyshire.

Footwear and accessories lifted profits by 6 per cent to £2.96m, though the recently lossmaking Keighley slipper operation has been closed with the loss of 280 jobs. The closure costs will be under £4m.

The distribution division, mostly dedicated to Black companies, made £496,000 (£405,000) profits.

Earnings per share were 10.66p (8.59p) and the interim dividend is lifted to 1.26p (1.12p).

Cranswick buys rest of Buckton

Cranswick, a supplier of grain, feed, livestock and meat products, is buying the remaining 40 per cent of George Buckton it does not already own for £843,000 cash.

Buckton, a producer of pigeon corn and bird food, made pre-tax profits of £499,000 for the 51 weeks to March 31. It has net assets of £1.54m.

On current trading Cranswick said the third quarter had been "very pleasing" with sales of animal feed and meat products ahead of budget.

Eidos signs CD-Rom games deal with Domark

By Paul Taylor

Eidos, a computer software company specialising in video compression technology, has signed a development and licensing agreement with Domark Software to produce a software video playback system for the personal computer games market.

Domark is the fifth largest games developer/publisher in Europe with sales last year of more than $20m.

The new software will be designed for the fast growing PC CD-Rom games market and should enable games to include higher quality full motion video without the need for additional hardware. This is Eidos' first technology licensing agreement in the CD-Rom publishing market, which was worth $1bn (£600m) in 1994.

Rank advances to £284m despite restructuring costs

By David Blackwell

Rank Organisation lifted profits for the year to October 31 in spite of a £62m restructuring charge for its stake in Rank Xerox, part of which is being sold.

Pre-tax profits increased from £276.6m to £284m. While this was roughly in line with City expectations, analysts suggested that income from continuing operations was disappointing, while the contribution from the Rank Xerox stake was ahead of forecasts.

Profits from continuing operations rose from £208m to £230m on sales of £2.17bn (£1.97bn). Income from Rank Xerox rose from £151.2m to £213.5m before the restructuring charge.

Mr Michael Gifford, chief executive, said the group's businesses had made "encouraging progress", with the leisure and entertainment sectors improving as the year progressed.

Basic earnings per share eased to 17.9p (18.6p); but after adjusting for the Rank Xerox charge, earnings were up 43 per cent from 18.5p to 26.5p. Mr Gifford said that within the increase, growth from Rank Xerox was 37 per cent and from the leisure and entertainments businesses 52 per cent.

Operating profits in the film and television side were driven by video duplication, where volume was 50 per cent ahead. The division achieved £66.9m (£49.4m) on sales of £680m (£572m).

High spending by families at Butlin's and Haven sites helped the holidays division to lift profits by £5m to £57m, while the recreation division moved ahead from £64m to £69m on the back of strong growth by the casinos.

However, the leisure division's operating profits fell from £49.1m to £47.7m, hindered by Resorts USA and a loss at the US theme restaurants business.

Net borrowings fell by £197m to £759m, leaving gearing down from 64 per cent to 49 per cent. The weaker dollar contributed £42.2m of the decline.

The proposed final dividend of 9p gives a total for the year of 13.25p (12.16p).

Michael Gifford: businesses made 'encouraging progress'

Sharp rise for Kershaw

By Paul Taylor

A Kershaw & Sons, the holding company 87.2 per cent owned by the Rank Organisation and whose main asset is its shareholding in Rank Precision Industries (Holdings), yesterday reported sharply higher full-year profits.

The pre-tax increase to £48.9m (£10m) for the year to October 31 reflected the distribution of surplus funds by Rank Precision, which has indirect investments in the Rank Xerox companies.

Kershaw received dividends totalling £48.6m (£9.6m) from Rank Precision. Kershaw's indirect share of Rank Xerox profit increased from £30m to £42.3m before restructuring costs of £12.3m.

Earnings per share jumped to 140.4p (28.5p). The company is paying a second interim dividend of 24.25p, making a total of 33.75p (27p).

Sector trend continues in life results

By Alison Smith

New business results yesterday from two life insurers underlined last year's flat sales levels and highlighted steep falls in new personal pension policies in the wake of concern about possible mis-selling in this area.

Life companies say pension sales have been hit both by customer concern about standards – following the publicity that a review by City regulators attracted – and by increasing caution on the part of life insurers in taking on this business.

Lloyds Abbey Life reported a drop in new regular premium business to £132.2m (£151.9m), and in new single premium business to £490.4m (£647.9m).

Strikingly, its sales of unit trusts also fell, from £612.3m to £377.2m.

Mr Stephen Maran, group chief executive, said sales of equity unit trusts had been about the same in each year, and that the difference had come from a fall in sales of gilt unit trusts which had sold particularly well in 1993.

Black Horse Financial Services, a "bancassurance" company selling products only to customers of Lloyds Bank, saw a drop of 59 per cent in new single premium pensions business to £34.2m (£82.6m). New regular premium pension business slumped by one third to £17.3m (£25.4m).

At Abbey Life, the group's other UK life assurance division, sales of single premium pensions fell by 39 per cent to £89.6m (£147.9m).

Britannic Assurance said total new annual premiums fell by 8 per cent to £40.4m (£43.9m), while new single premiums fell by more than 37 per cent to £80.1m (£127.6m).

Single premium pensions new business dropped by 65 per cent to £27.2m (£76.6m). Britannic's industrial branch new business – where premiums are collected in cash from customers' homes – fell from £21.5m to £18.8m.

NatWest Bancorp improves by 29%

NatWest Bancorp, the US retail arm of National Westminster Bank, yesterday disclosed a 29 per cent rise in 1994 pre-tax profits to $326.7m (£209m), compared with $252.5m, helped by strong growth in net interest income.

NatWest Bancorp's post-tax profit of $298.6m was virtually unchanged compared with $298.1m in 1993.

The 1993 result was helped by a $70m Federal tax credit, which was unrecorded previously, and which was not repeated last year.

Drop in provisions behind TSB gain

By Alison Smith

TSB's retail banking and insurance operation reported a slight fall in pre-tax profits, from £454m to £438m, despite a 67 per cent increase to £504m for the group in the year to October 31.

The fall in provisions for bad and doubtful debts – the main factor in the overall rise – came mainly from the two units through which TSB is winding up past unsuccessful ventures – Mortgage Express and the Loan Administration Unit.

Mortgage Express made a pre-tax profit of £38m (£1m), while LAU turned a £142m loss into a profit of £4m.

At Mortgage Express the charge for bad debts fell to £30m (£52m), while at the LAU the charge fell from £105m to £2m.

While the total charge for bad and doubtful debts fell to £173m (£335m), however, TSB said that for the second year running it was making specific provision against the possible need to compensate the victims of poor advice regarding the purchase of personal pensions.

Mr Peter Ellwood, chief executive, refused to disclose the scale of the provisions, but said the amount was similar to that set aside last year.

He described the provisions as "prudent", though he acknowledged that the amount of compensation that might need to be paid would not be known for some months.

There was a 19 per cent increase in the sale of unit trusts, but most areas of new business in the life and pensions division were lower than in 1993. Sales of single premium pensions were particularly hit, dropping by 70 per cent.

The total dividend was lifted 17.5 per cent to 9.024p (7.68p) via a 5.48p final. Mr Ellwood said that TSB would look at whether the dividend could be maintained in the future.

Earnings per share were 21.5p (12.7p) giving a cover of 2.4 times compared with 1.7 times in 1993.

He said the group did not want to base its dividend policy solely on an arithmetic formula, but would take account of a range of factors, including the signal it gave to the markets.

NEWS IN BRIEF

BRASWAY has completed the sale of Integrated Tube Supplies, its regional tube stockholding business, to Watts Clift Holdings for an estimated total cash consideration of £250,000.

BUCKNALL GROUP subsidiary Bucknall Austin is raising its stake in Ferguson & Partners, its facilities management business, from 50 per cent to 80 per cent with the purchase of 30 shares in Ferguson Bucknall Austin for £171,660.

SELECT APPOINTMENTS (Holdings) is to acquire Parkhouse Personnel, a UK recruitment agency, for £350,000 in cash and guaranteed loan notes.

Expanding Gibbs Mew up 16%

By Graham Deller

Gibbs Mew, the brewer of Bishop's Tipple and Deacon beers, is already reaping the benefits of expansion away from its Wiltshire heartland.

The USM-traded company's pub estate more than doubled during the six months to October 1 following the £12.8m acquisition of Centric, which ran a chain of 197 pubs in the Midlands and the north-west of England.

Although included in the figures for just seven weeks, Centric contributed £1.2m to turnover of £17.6m (£18.4m) and £442,000 to operating profits from continuing activities of £2.4m (£2.04m). After a lower interest burden, helped by proceeds of the £13.6m rights issue which accompanied the purchase, the pre-tax line improved 16 per cent to £1.86m (£1.6m).

Mr Tom Hedderson, chairman, said integration was still in its early stages, but was "proceeding well".

Since the period end, the company has purchased Harmony Property's managed house division, comprising six pubs in and around London, for £3.25m cash. "The purchase reflects our ambition to develop and expand our retail estate," Mr Hedderson said.

The retail estate in the south of England lifted composite volume by 1.3 per cent, with production ahead 2 per cent.

Mr Hedderson said the free trade side was "encouraging" despite fierce competition. "A shift to higher margin business resulted in reduced turnover, but produced a positive effect on margins," he added.

The interim dividend goes up to 4p (3.75p), payable from earnings of 15.57p (14.28p).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Black (Peter)	int	1.26	Apr 30	1.12	-	4.47
Denmans Elec §	fin	4.7	Feb 24	3.525	6.8	6.4
Gibbs Mew §	int	4†	Apr 6	3.75	-	8.75
Goode Durrant	int	2.5	Mar 3	2.2	-	6
Hawtin	fin	0.875	Apr 8	0.7	1.15	0.95
Jones Stroud	int	3.5	Apr 6	3.5	-	9
Jurys Hotel	int	2.1‡	Mar 21	2	-	5.25
Kershaw (A)	int	24.25*	Apr 7	18	33.75	27
K'wort Charter	fin	3.9	Apr 7	3.8	5.15	5.15
Lonrho	fin	2.75	Apr 6	2	4.75	4
Matthew Clark	int	8†	Apr 7	7.25	-	18
Microgen	fin	5.05	Apr 8	5.05	7.25	7.25
Rank Org	fin	9	Apr 7	-	13.25	12.16
Ryland	int	0.27	Apr 6	-	-	-
Securicor	fin	2.8	Apr 5	2.229	3.405	2.961
Security Servcs	fin	4.851	Apr 5	4.151	6.537	5.684
TSB	fin	5.48	Apr 3	4.53	9.024	7.68
Willoughby's Con	fin	1.5	Apr 6	1	2.5	1.5

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. *Second interim; no final recommended. ‡Irish pence

Chief executive says there are no plans to sell stake in Cellnet

Securicor ahead 28% to £80.6m

By Geoff Dyer

Securicor Group, the communications, security and parcels business, announced a 28 per cent increase in annual pre-tax profits to £80.6m, with well over half coming from Cellnet, the mobile phone network in which it has a 40 per cent stake.

Pre-tax profits from the telephone company rose 21 per cent to £55.9m (£46.3m), after its subscriber base grew by 655,000 to 1.56m, although the rise was lower than expected as a result of marketing costs and incentive payments from its push into the consumer market.

Mr Roger Wiggs, chief executive, said there were no plans to sell its stake in Cellnet, a joint venture with BT.

The four operating divisions Securicor manages itself, which are mainly held in its 50.7 per cent-owned Security Services subsidiary, raised pre-tax profits by 46 per cent to £24.9m.

Turnover for the year to September 30 improved by 26 per cent to £800.3m (£637.3m).

The parcels division increased profits by 74 per cent to £9.89m (£5.69m) following substantial volume increases and the contribution of Scottish Express International, the freight business acquired in 1993.

Trevor Humphries

£60m is to be spent reorganising the parcels network: Roger Wiggs, left, with Christopher Shirtcliffe, group finance director

Some £60m is to be invested over three to four years to reorganise the parcels network, increasing capacity by 25 per cent while reducing the number of hubs from 12 to 9.

Security division profits rose 32 per cent to £12m (£9.13m) on turnover up 8 per cent at £307.7m (£285.2m) as a result of improved cost controls.

The communications division, excluding Cellnet, continued to lose money. But with subscribers to Securicor Cellular Services jumping from 103,000 to 189,000, losses fell from £4.52m to £2.42m.

Pre-tax profits at Security Services rose by 35 per cent to £58.4m (£43.3m), on sales of £772.5m (£616.4m).

Securicor's earnings per share rose to 37.5p (30.2p), while Security Services increased to 35.2p (26.6p).

The proposed final dividend is 2.6p for the group, making 3.405p (2.961p) for the year and 4.851p for Services making 6.537p (5.684p).

● **COMMENT**

The unexpectedly high marketing and incentives costs at Cellnet took some of the gloss off Securicor's figures. Each new subscriber costs the network £120 and with new subscriptions still soaring, the increased revenues will not be fully reflected in profits next year either. The improvements at the operating divisions, accounting for 45 per cent of the increased profits, were more welcome although one third came from acquisitions and margins are still low. The shares have had a good run in the past year, even though Securicor has tended to look expensive. With forecast profits of £105m for the current year, giving a prospective p/e of 20.3, it still looks so. This represents a premium of about 20 per cent to the telecoms sector. Analysts believe this reflects the price that BT might pay for the Cellnet stake. For the shares to make progress, management will have to increase the margins in the non-telecoms businesses.

Improved economy helps Siemens UK

By Alan Cane

Steady improvement in the British economy helped the UK subsidiary of Siemens, the German electrical and electronics company, to make profits after tax of about £27m in the year to September 30, on turnover up 3.8 per cent at £1.3bn.

It was a much improved performance and roughly in line with Siemens' consolidated world-wide results. Mr Jürgen Gehrels, Siemens UK chief executive, said, however, that the post-tax profit figure, at 2.1 per cent of turnover, was inadequate.

He said orders for the first three months of the current year were running 7 per cent ahead of last year, suggesting that his targets for the year would be met: "It is an ambitious budget because it assumes growth rates of 10 per cent and more for most of the main businesses".

It will mean taking market share from competitors in the electrical area at any rate. Mr Gehrels said the UK electrical market had grown by 4.5 per cent in 1994 and would expand at a faster rate this year: "We estimate the UK electrical market to be of the order of £45m, making it the third largest in Europe," he said.

The results reported yesterday did not include a contribution from GPT, the telecommunications equipment manufacturer Siemens owns in collaboration with GEC. GPT's contribution represents a significant share of Siemens UK's figures overall.

Siemens exports from the UK were down 6 per cent at £206.4m and about £40m lower than budgeted, Mr Gehrels said.

Research and development spending was slightly down at £122.8m – 9.5 per cent of turnover – while staff numbers rose 1.3 per cent to 9,960, chiefly through acquisition.

Retailers describe trading performance over Christmas

By Peter Pearse

Three high-street retailers yesterday issued trading statements covering their performance during the Christmas period. Body Shop International pointed to "a solid retail sales performance", Storehouse said trading was "in line with expectations" and Sears said it was "encouraging".

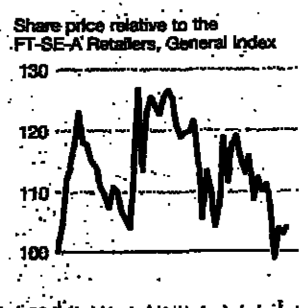
Body Shop said UK growth since November 1993 had continued. Total retail sales over the nine-week Christmas period rose by 7 per cent on the corresponding weeks and comparable store sales were up by 5 per cent. Gross margins had been maintained.

Mr Gordon Roddick, chairman, said: "After a slow start, Christmas revved up to meet our expectations." The shares rose 2p to 189p.

Storehouse said sales in the six weeks before Christmas rose 5.5 per cent. However, the group stressed that gross margins grew by more than 1 percentage point. In the case of BHS, which has annual sales of about £800m, this was deliberate policy: here the sales rise was "below 5 per cent". Mothercare, which has annual sales of about £300m, "had a very, very good Christmas" with sales up about 15 per cent. The shares fell 1p to 221p.

Body Shop

Share price relative to the FT-SE-A Retailers, General Index



Source: FT Graphite

Sears, however, presented a somewhat different picture. Although like-for-like sales rose 6.4 per cent in the five weeks to January 7, the shares slipped 4p to 102p. The group thought this was largely because of a "soft" second half from Freemans, the home shopping business.

Further, there had been expected margin slippage at British Shoe, which in the second half to January 7 lifted sales 10.7 per cent. The group said that as Shoe Express replaced other stores, there had been some discounting.

Additional difficulties were met in the sports and leisurewear division, mostly because of continued problems at Olympus. As athletic footwear continues its "tailspin", discounting is inevitable as the chain shifts towards own-label sportswear.

Loss warning rattles Owen & Robinson

Shares of Owen & Robinson fell 7p to 20p after the jewellery and sports footwear retailer warned of a pre-tax loss of about £1.4m for 1994.

The company blamed the "poor performance of the jewellery division over its most important trading period".

On a like-for-like basis, jewellery sales were 5.6 per cent down in the 11 months to December and 9.5 per cent lower in December itself. The weakness in trading had been particularly pronounced in gold jewellery.

The board was continuing to review its strategy and planned to close some of the poorest performing stores and extend the product range.

The retailer, which in 1993 reported a pre-tax profit of £111,000, added that sales at Foothold, the sports and leisure footwear outlets, had been encouraging. Like-for-like sales were 7 per cent up on the previous year.

Shellfish disposal will dent Hazlewood

By Tim Burt

Hazlewood Foods, the convenience food group, said its profits this year would be dented by a £48m exceptional charge to cover the latest stage of its long-running restructuring.

The charge follows the company's decision to sell its shellfish business, one of its largest divisions, to a Dutch-based management buy-out team for Fl 159.8m (£59m).

Mr John Simons, chief executive, said the charge would comprise £32m of goodwill written off to reserves and a £16m loss on book value.

The disposal – part of a restructuring which has seen the group close three non-core subsidiaries and sell five others – could also dilute earnings in forthcoming years.

On a pro-forma basis, it would have diluted last year's pre-exceptional earnings per share from 16p to 13.83p, and cut pre-tax profits from £48.1m to £40.9m.

Even so, Mr Simons claimed the company had got the best price possible for the business, which needs substantial investment to meet European Union regulations on processing prawns, cockles and mussels. The sale price, he added, had also been affected by mounting environmental pressure on the shellfish industry.

As part of the deal, the management-led consortium is paying £35.5m cash, repaying £9.8m of company debt and taking over £13.7m of external borrowings. That will enable Hazlewood to cut net borrowings from £164m to £111.5m, reducing gearing from 90 per cent to 64 per cent.

The disposal will release working capital for other parts of the group, which has been refocused on convenience and pre-packed foods.

Analysts welcomed the deal, although some said the company had yet to demonstrate that its restructuring would produce sizeable profits growth. They predicted pre-exceptional profits of about £34m in the year to March 31.

The shares closed 3p down at 109p.

Lex sets up joint venture

Lex Service, the motor retailer, and Lombard North Central, the financial services group, have announced a joint venture.

Lombard has taken a 50 per cent stake in Seltra, the French truck contract hire company wholly owned by Lex. At the same time, Lex has raised its stake in Harvey, the UK fork truck contract hire and maintenance company jointly owned with Lombard, from 50 to 60 per cent.

The net consideration for each part of the transaction was £5.9m.

Ladbroke likely to sell Texas Homecare arm

By Tim Burt

Ladbroke, the leisure and hotels group, is likely to sell its Texas Homecare subsidiary amid City pressure to scale back its retailing activities, according to a source close to the company.

Texas, Britain's second biggest DIY chain, could be sold to allow Ladbroke to concentrate on its core hotel and gambling activities, according to the official, who asked not to be named.

"I would not expect Texas to end the year within Ladbroke; and the only DIY rival with the financial muscle to acquire it without overlapping its existing stores is Sainsbury."

Sainsbury, the UK's largest grocery chain, declined to comment yesterday but is known to be keen to expand Homebase, its DIY subsidiary.

The retailer may consider a bid following an extensive restructuring at Texas, which has embarked on a radical cost-saving programme and shed 900 management jobs in recent months.

That programme is expected to involve several store closures and further job cuts in a bid to give Texas the lowest cost base in the sector.

The restructuring was prompted in part by a disappointing first half at Texas, in which profits fell from £16.6m to £2m.

Over the same period, Homebase increased profits by 34 per cent to £15.3m.

Several City analysts confirmed that Texas was unlikely to remain part of Ladbroke's long-term portfolio, but most ruled out an imminent bid.

"I'm pretty certain that they are talking, even if a deal is a long way off," said Mr Paul Smiddy at Nomura.

His view was echoed by Mr David Stoddart at Société Générale Strauss Turnbull, who said: "Texas has been available for quite some time, and Sainsbury has made it plain it will invest an increasing amount of capital in Homebase."

Another analyst close to Ladbroke said it would accept a "reasonable offer" for the DIY chain, which is valued in the 1993 accounts at £342.9m.

Sainsbury, however, could be deterred by the sluggish performance of many Texas stores and the prospect of uncovering hidden costs once it applied its accounting methods to their figures.

See Markets

Microgen drops 8% after changes in Com business

By Paul Taylor

Microgen Holdings, the computer services group, yesterday reported a 10 per cent increase in full year turnover, but an 8 per cent decline in pre-tax profits reflecting the structural change in its core computer output microfilm (Com) business.

Pre-tax profits slipped from £6.7m to £6.17m in the year to October 31, on revenues which increased to £58.8m (£53.4m).

Earnings per share fell by 5 per cent to 10p (10.5p), but the board is maintaining the final dividend at 5.05p, making an unchanged total for the year of 7.25p. The shares closed 17p higher at 122p suggesting relief that the dividend had not been cut.

The profit decline came after charging £500,000 of rationalisation costs related to the restructuring and repositioning of the group's traditional Com business, which faces growing competition from electronic means of storing data, such as optical systems.

Microgen has managed to offset some of the impact of this market decline by cutting costs and introducing new marketing initiatives. At the same time, it has expanded its electronic printing operations - a business which nevertheless has lower margins.

Overall turnover from Com operations slipped to £34m (£35m), while electronic print revenues grew to £24.8m (£18.3m). However, as Mr Douglas Lee, chairman, concedes, because of the lower margins in the printing business "we need to run faster just to stand still".

More than 50 per cent of group turnover and 70 per cent of operating profits – which fell to £6.25m (£6.51m) – were generated outside the UK.

Goode Durrant rises 40% on back of vehicle hire strength

By James Whittington

Shares in Goode Durrant rose 17p to close at 219p as the industrial holding company reported interim pre-tax profits up by 40 per cent, from £4.29m to £6m, after exceptional charges of £3m.

Total turnover for the six months to October 31 was lower at £42.3m (£58.1m). Continuing activities, however, rose 51 per cent to £39.2m (£25.9m) on the back of a good performance at Northgate, the vehicle hire operations.

Sales at Northgate rose by 60 per cent from £21.3m to £34m for operating profit more than doubled at £9.84m (£4.18m) as prices increased. The fleet had grown by 50 per cent since May 1993 to stand at 8,150 vehicles.

At Ravenstock Tam, the portable accommodation and security container business, sales rose by 13 per cent to £5.2m (£4.6m).

Mr Michael Waring, chief executive, said the strategy of focusing on commercial vehicle and equipment hire had proved highly successful.

Exceptional charges included a provision against the planned phased exit from Rawlings, the last foothold in housebuilding, and a loss on the sale of its north-west of England builders and contractors in the summer.

Mr Waring said Goode Durrant intended to continue expanding Northgate and Ravenstock Tam mainly organically, but also by acquisitions.

Earnings per share rose 10 per cent to 6.4p (5.8p) and the interim dividend is lifted to 2.5p (2.2p).

Geest expects at least £11.5m

By James Whittington

Geest, the fresh and chilled food group, yesterday issued a profit forecast for 1994 in an attempt to reduce uncertainty following September's tropical storm which damaged banana production in the Windward Islands.

The group said it expected pre-tax profits would be not less than £11.5m for the year and the dividend would be maintained at 8.1p. The interim statement in July showed pre-tax profits of £17.9m.

The disruptions caused by Storm Debbie to Geest's contract to ship all the islands' bananas was exacerbated by EU delay in issuing licences to purchase replacement fruit elsewhere.

Mr David Sugden, chief executive, said he hoped the announcement would bring into line analysts' forecasts, which were as low as £1m, before the group went into its closed period.

NEWS DIGEST

Hawtin advances to £2.9m

Pre-tax profits at Hawtin, the leisure, textiles, building products and property group, showed a 35 per cent increase for the year to September 30, from £2.17m to £2.92m.

Turnover was 12 per cent ahead at £31.6m (£28.2m).

Borrowings were reduced further and gearing now stands at 29 per cent. The company intends to develop its core activities through both acquisitions and organic growth and to dispose of surplus investment properties.

Earnings came out at 2.81p (2.2p) per share. The recommended final dividend of 0.875p gives a total of 1.15p (0.95p).

Hunterprint offer

Quebecor Printing, the second largest commercial printer in North America, has declared its offer for Hunterprint Group unconditional as to acceptances. The offers will remain open for acceptance until further notice.

Merrydown sells

Mr Richard Purdey, chairman of Merrydown, said the sale of its Martlet Natural Foods operation to Radley Kemble would enable the group to "focus single-mindedly on developing our premium ciders and adult soft drinks."

In the six months to end-September Martlet contributed pre-tax profits of £26,000 and sales of £1.1m to Merrydown's outcome of £340,000, achieved on sales of £12.1m.

Merrydown said it anticipated total proceeds of £1.2m from the deal, including an initial £700,000 in cash.

Westport cuts loss

A reduction in pre-tax losses from £220,000 to £144,000 was announced by Westport Group, the USM-traded marketing facilities and markets specialist, for the six months to October 30.

Mr Ralph Kanter, chairman, said that although in recent years the second half had been poorer than the first, this year new contracts, including work on National Lottery booths, had ensured a higher level of activity and the second half could be stronger. The group was actively looking for acquisitions in the marketing facilities sector.

Turnover from continuing operations slipped to £6.49m (£7.84m). Losses per share amounted to 0.1p (0.2p).

Willoughby's

Pre-tax profits at Willoughby's Consolidated, the Zimbabwe mining and ranching group, fell from £1.64m to £1.53m in the year to September 30. Turnover was higher at £13m, against £11.8m.

Earnings per share were 13.1p (14.8p) and a recommended final dividend of 1.5p makes a total for the year of 2.5p (1.5p). The company is a Lonrho subsidiary.

Ryland ahead

Ryland Group, the Midlands-based motor distributor which came to the market in September, lifted pre-tax profits by 59 per cent to £1.16m in the six months to October 31.

Turnover was 30 per cent higher at £118m, while operating profits rose 33 per cent to £1.8m. Earnings per share were 3.47p (2.58p) and a maiden interim dividend of 0.27p has been declared.

The £7.5m placing proceeds have cut borrowings and helped gearing fall from 68 per cent to 11 per cent by October 31.

Kleinwort Charter

Kleinwort Charter Investment Trust reported a modest increase– from 231.1p to 237.1p – in net asset value per share in the year to November 30.

The 2.6 per cent increase, however, represented an outperformance against the FT-SE-A All-Share Index and the FT-A Europe (including UK) Index, up 1.8 per cent and 1.6 per cent respectively over the same period.

Earnings per share emerged at 4.57p (5.45p); a final dividend of 3.9p holds the total at 5.15p.

Denmans up 36%

Strong growth at its electrical wholesale business helped Denmans Electrical raise pre-tax profits by 36 per cent from £2.03m to £2.77m for the year to September 30.

Turnover at the USM-quoted company grew 22 per cent from £38.4m to £46.7m, of which acquisitions accounted for £2.99m. Earnings per share were 41p (30.74p) and a recommended final dividend of 4.7p makes a total of 6.8p (6.4p).

Mr Arnold Denman, chairman, said net margins at the electrical wholesale branches rose sharply, helped by a significant cut in bad debt provisions. The extent of next year's profit growth would depend partly on whether the trend to lower bad debt costs in the wholesale business was maintained.

Jones Stroud slips

As forecast at the last year end, interim pre-tax profits at Jones Stroud (Holdings), the Nottingham-based textiles company, slipped slightly from £2.92m to £2.88m.

Turnover for the six months to end-September was also down, from £35.9m to £35m.

Mr Philip Jones, chairman, said trading conditions remained competitive, but added that there were "signs of improvement" throughout the group and that profits for the whole year would be ahead of last time.

Earnings per share were 11.08p (11.4p), while the interim dividend is held at 3.5p.

Jurys' upbeat stance

Jurys Hotel Group yesterday reported a 48 per cent rise in interim profits and said it was confident that the year to April 30 would show a "very satisfactory improvement" over the previous year's I£3.72m.

The Dublin-based company said the first half had benefited from prudent management and careful cost control. In addition, the hotels acquired in the UK had all contributed to the progress.

On sales up 22 per cent from I£17.6m to I£21.4m (£21.2m) pre-tax profit advanced from I£2.8m to I£4.14m. An interim dividend of 2.1p (2p) is payable from earnings of 11.5p (9.6p).

Burger King chief executive steps down

By Roderick Oram, Consumer Industries Editor

Mr James Adamson has resigned as chief executive of Burger King, the restaurant subsidiary of Grand Metropolitan.

He will become president of Flagstar Companies, a US group which owns the Denny's chain and other restaurants.

The Burger King role will be assumed temporarily by Mr David Nash, chairman of GrandMet's food sector. He was already facing a busy time with the £1.7bn bid for Pet, the US foods group, which GrandMet launched on Monday.

In his two years as head of Burger King, Mr Adamson, an American, had led a turnround of the subsidiary, GrandMet said. Like-for-like store sales were up 6 per cent in the year to last September. A search for an internal or external replacement had begun.

If the bid was successful, Pet would become part of Pillsbury, GrandMet's food subsidiary headed by Mr Paul Walsh. But Mr Nash would still play a leading role in completing the deal and integrating the business.

Booker plans national distribution network

By Roderick Oram, Consumer Industries Editor

Booker, the food group, is to spend £35m on a national warehouse system for its cash and carry centres. It expects to make large cost savings by centralising distribution in the way that supermarket chains have in recent years.

The three new warehouses and related infrastructure will cost about £95m. The balance will be financed by property companies who might own the buildings or distribution specialists who will run the bulk of the new system.

Booker said it would take an £18m exceptional charge for 1994 to cover one-off costs of the project and the write-down of existing distribution systems, plus the consolidation of its food service businesses.

Mr Charles Bowen, chief executive, said the new system would enhance profits by about £10m a year. Booker Belmont Wholesale made operating profits of £48.1m on sales of £2.27bn, excluding Booker Iberia, in 1993. It is the largest UK food wholesaler.

Once the system is completed, in about four years' time, Booker expects to use it to distribute about 95 per cent of its goods. Currently it handles 25 per cent, with the rest shipped to its 160 cash and carry centres by suppliers.

Booker will run at least one of the new warehouses, while contracting a third-party distributor to run the balance on a three to five-year lease.

Booker added that Christmas trading had met expectations, but came in a rush 10 days before Christmas and tailed off two days before. Food sales for the year rose 7.5 per cent.

COMMODITIES AND AGRICULTURE

US crop report bolsters Chicago grain prices

By Laurie Morse in Chicago

US wheat farmers sowed 49.6m acres to winter wheat during last autumn's planting season, leaving plantings for this summer's harvest nearly unchanged from last year. The planting data, collected in a US Department of Agriculture survey and released Thursday, surprised wheat traders and farm analysts, who had expected producers to expand their wheat acres in response to high wheat prices at planting time.

Wheat futures prices at the Chicago Board of Trade rallied more than 5 cents a bushel after the report, hitting a morning high of $3.93.

Analysts said that assuming normal weather, the flat wheat plantings would translate into a 1995 winter wheat harvest barely larger than last year's 1.66m bushels. The USDA said in a separate report the US would end the current grain marketing year with only 466m bushels of wheat in store, down from 568m a year ago and the smallest wheat cushion the US has had since the big grain sales to Russia in the early 1970s.

The USDA's maize production and stocks data also boosted futures prices at the CBoT. The US had a record 10.1bn bushel maize crop this year, the agency said, but livestock feeding and industrial processors were consuming the crop at a record pace, leaving less feedgrain in storage than previously estimated.

In its report, the agency forecast more than half the maize crop, or 5.6m bushels, would be used domestically as livestock feed, while 1.7m bushels would be used to produce corn sweeteners and other corn products. The agency estimated that 1.9m bushels of US maize would be exported this year. If the consumption forecasts prove accurate, the US will have 1.65m bushels of maize remaining at the onset of next summer's harvest.

The wheat feeding figures were 17 per cent higher than the USDA's December estimates, catching many maize traders by surprise. The data helped pump up maize futures prices, which reached a high of $2.36¾ a bushel in early trading.

China remained the key to further gains in US maize prices, analysts said. The country announced it was halting its own maize exports in late December and shortly after that booked purchases of 2.5m tonnes of US maize. Traders said yesterday that they expected China to buy a total of 3m to 4m tonnes of US maize before the next harvest.

● Malaysia is turning to the US for maize supplies to feed its poultry and pigs because China, its traditional supplier, has banned exports, reports Reuters from Kuala Lumpur. It was likely to import up to 750,000 tonnes of its 2m tonnes import requirement in the 1994-95 marketing year from the US, said the US embassy here.

US farmers ready to welcome Glickman

Laurie Morse examines the credentials of the agriculture secretary designate

Mr Dan Glickman, nominated to become the next US Secretary of Agriculture, is a nine-term Congressman from Kansas who has intimate knowledge of the nation's farm programmes and influential friends in the White House. Farm groups have almost universally applauded his nomination, noting that Mr Glickman's Washington experience should serve farmers well as a budget-minded Congress deliberates on important farm legislation this year.

The 50-year-old legislator, who lost his seat to a Republican in last November's election, is no stranger to farm politics. He had a hand in writing the last three farm bills, each a massive piece of legislation that specified arcane details of dozens of farm and forestry programmes. Renewed every five years, the 1990 Farm Bill is due to be rewritten this year and the new Agriculture Secretary will have an important role in balancing farm interests against environmental and budget-cutting demands of the 104th Congress.

A man of diverse interests, Mr Glickman represented an urban district in Kansas that included the city of Wichita. "This guy didn't come off the farm, but he got involved in rural issues," says Mr Steven Graham, administrator for the Kansas Wheat Commission.

While in Congress Mr Glickman served as head of the House Agriculture Subcommittee on Wheat, Soyabeans, and Feedgrains. More interestingly, his work during the past two years as head of the House Intelligence Committee has prepared him for the foreign policy aspects of the Secretary's job. In recent years, subsidised export sales of grain, food donations, export credits and other overseas farm transactions have required the co-ordination and approval of other cabinet agencies, including the Departments of State, Treasury, and Defence.

Previous Agriculture Secretaries have had groundings mostly in domestic affairs. "It will be interesting to see what the Intelligence Committee experience brings to the Agriculture Secretary's office," says the Wheat Commission's Mr Graham.

Mr Glickman is a close friend of Kansas Congressman Pat Roberts, the new Republican head of the House Agriculture Committee, and is backed by Kansas Senator Robert Dole, the new Senate majority leader. He is also a friend of Mr Leon Panetta, the White House chief of staff.

It took all of these connections to salvage Mr Glickman's nomination for the agriculture department after the Congressman, already defeated in his quest for a tenth term, returned to Washington after the November election and cast a controversial vote against General Agreement on Tariffs and Trade Uruguay round settlement. Washington insiders say that vote immediately put him out of favour with the Clinton administration, which vetted several other names for the Agriculture Secretary post. However, the weight of his farm legislation experience and support from powerful Kansas colleagues eventually swung the nomination back in his direction.

The vote against the Gatt does not sit well with many US farm interests, which generally favour free trade. However, given his legislative experience, they are willing to give Mr Glickman the benefit of the doubt.

"The Gatt vote is unfortunate, but we can't judge a man by just one vote. He voted for Nafta [the North American Free Trade Agreement] and he is definitely not a protectionist. We want to look at his whole record, and not just Gatt," says Mr Keith Heard, Washington spokesman for the National Association of Corn Growers.

"Congressman Glickman's knowledge of Congress and knowledge of farm programmes will be critical this year," Mr. Heard adds. "His friendship with Leon Panetta will make him an instant player within the White house."

White House officials say Mr Glickman also has the management skills to oversee the sprawling US Department of Agriculture, the fourth largest US government agency with nearly 125,000 employees and an annual budget in excess of $60bn. One of the first challenges for the new secretary will be to complete a downsizing, begun last year, that will close 1,070 field offices, trim 11,000 workers and save an estimated $3.6bn over five years.

Senate confirmation hearings on Mr Glickman's nomination are expected to begin late this month. Few observers expect much opposition to his appointment, but Senator Richard Lugar, the new Republican chairman of the Senate Agriculture Committee, has promised to make the confirmation hearings a dress rehearsal for the Farm Bill debate.

Senator Lugar, who advocates free market alternatives to farm price support programmes, last month published a long list of issues he will ask Mr Glickman to address at the hearings. That list questions fundamental principles of US farm policy and calls for "monumental reform" within the agriculture department.

Canada/Norway fisheries agreement angers Iceland

By Karen Fossli in Oslo

Canada has angered Iceland by signing a far-reaching, six-year agreement with Norway covering fisheries conservation and enforcement.

It has thus officially recognised Norway's sovereign rights and jurisdiction over the so-called fisheries protection zone extending 200km around the arctic achipelago of Svalbard. Norway and Iceland have been embroiled in a bitter two-year dispute because Icelandic trawlers insist on fishing for cod in the region.

Last June the cod war scaled new heights when Norway fired warning shots and cut the wires holding the nets of Icelandic trawlers fishing in the disputed area. It was the first time the Norwegians had resorted to such measures.

In protest at the deal Mr Jon Baldvin Hannibalsson, Iceland's foreign minister, has cancelled today's scheduled meeting with Mr Bryan Tobin, Canada's fisheries minister. Mr Tobin will, however, meet Mr Thorsteinn Polsson, Iceland's fisheries minister.

Under the agreement, Canada says it recognises that "Norway is entitled to exercise exclusively the sovereign rights and jurisdiction accruing to the coastal state under the United Nations Convention on the Law of the Sea. . . in the fisheries protection zone around Svalbard and the continental shelf around the archipelago".

Norway and Canada agree to conduct fishing operations in a manner that will not to undermine effective conservation and management and to deny access to their ports and offshore terminals to vessels not complying to the regime.

The two countries also agree they can board, inspect and search each other's vessels, seize vessels and institute proceedings against fishermen violating conservation and management measures within and beyond the 200 mile zone and beyond the limits of national fisheries jurisdiction in the so-called Atlantic doughnut hole in the Norwegian Sea and the so-called Barents Sea loophole.

Anglo to develop Mali's second gold mine

By Kenneth Gooding, Mining Correspondent

Anglo American Corporation of South Africa, the world's biggest gold producer, is to develop Mali's second gold mine – Sadiola Hill – at a cost of US$250m.

Mali's other gold mine, the Syana, is operated by BHP of Australia.

Initial production at Sadiola, in the far west of Mali near the border with Senegal, will begin towards the end of 1996 and at the peak the mine will produce an annual 350,000 troy ounces (10.9 tonnes). Present reserves suggest Sadiola, will have a life of 13 years but Anglo says exploration is continuing and it expects to find additional reserves.

This will be Anglo's first gold mine outside South Africa since the Navachab in Namibia was developed four years ago. The group has been widening its search for African gold as nearly every square metre of prospective land in South Africa has already been explored and drilled by domestic companies unable to move freely abroad because of exchange controls.

Modern exploration techniques have merely proved that the old prospectors left very little to be discovered. In West Africa, Anglo is also exploring for gold in Burkina Faso, Guinea and Senegal, where there has been relatively little mining activity in the past

A Malian company, La Société d'Exploration des Mines d'Ore de Sadiola (Semos), has been set up and holds the exploitation permit for the Sadiola project.

Anglo owns 38 per cent of Semos, will operate the mine and was responsible for arranging the finance to be supplied by an international consortium led by the International Finance Corporation, a World Bank affiliate.

A Canadian company, International African Mining Gold Corporation, holds another 38 per cent of Semos while 18 per cent is held by the Malian government and 6 per cent by the IFC.

● Guyana's gold production rose to 360,000 ounces last year, 21 per cent higher than 1993, mainly reflecting higher output by Omai Mines, the country's largest miner, writes Canute James in Kingston.

Omai Mines lifted output to 252,000 ounces last year, up from 209,000 ounces in 1993. The company, which is owned by Cambior and Golden Star Resources of Canada, and the Guyana government, operates what government officials say is the largest open pit gold mine in South America.

Guyana's gold industry is set for further expansion, as Omai Mines has announced that it will invest US$50m this year to work recently-discovered commercially exploitable deposits. When production started two years ago, Cambior reported that Omai was expected to yield 1.9m ounces over ten years.

MARKET REPORT

Bullion bounces

The GOLD price was lifted yesterday by a return of the investment funds whose selling had recently pushed it to 8½-month lows. As stop-loss buying was triggered the London price jumped $5.20 to $381.10 a troy ounce.

NICKEL took pride of place at the London Metal Exchange, meanwhile. The three months position climbed $270 to a 4½-year high of $9,760 a tonne in response to persistent speculative interest.

London Commodity Exchange COCOA futures surrendered good gains after the Dutch Cocoa Association corrected the 9.6 per cent rise in 1994 fourth quarter grindings reported last week to 3.7 per cent.

Compiled from Reuters

JOTTER PAD

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	2018-19	2049-50
Previous	1996-97	2025-26
High/low		2063/2020
AM Official	2009-10	2038-39
Kerb close		2055-6
Open int.	249,286	
Total daily turnover	53,325	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1945-50	1988-89
Previous	1915-25	1960-64
High/low		1989/1970
AM Official	1930-35	1970-75
Kerb close		1985-90
Open int.	10,813	
Total daily turnover	767	

■ LEAD ($ per tonne)

Close	656-57	672.5-73.0
Previous	654-55	670.5-71.0
High/low	655.5	673/668
AM Official	655.5-56.0	671.5-72.0
Kerb close	42,251	671-2
Open int.	7,660	
Total daily turnover		

■ NICKEL ($ per tonne)

Close	9565-75	9720-30
Previous	9305-15	9470-75
High/low		9785/9450
AM Official	9510-20	9680-85
Kerb close		9760-5
Open int.	61,509	
Total daily turnover	14,296	

■ TIN ($ per tonne)

Close	6045-50	6130-35
Previous	5960-70	6050-60
High/low		6150/6060
AM Official	6040-50	6130-35
Kerb close		6140-5
Open int.	21,200	
Total daily turnover	3,740	

■ ZINC, special high grade ($ per tonne)

Close	1139-40	1162-63
Previous	1139-40	1163-64
High/low		1167/1153
AM Official	1135-36	1160-61
Kerb close		1166-7
Open int.	102,742	
Total daily turnover	15,462	

■ COPPER, grade A ($ per tonne)

Close	3013-14	3012-13
Previous	3009-10	3009-10
High/low	3015/3014	3017/2988
AM Official	3013.5-14.5	3014-15
Kerb close		3005-6
Open int.	243,798	
Total daily turnover	58,335	

■ LME AM Official £/$ rate: 1.5590
LME Closing £/$ rate: 1.5720

Spot:1.5726 3 mths:1.5723 6 mths:1.5719 9 mths:1.5717

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	139.70	+0.45	139.70	138.25	2,148	86
Feb	139.00	+0.70	139.00	138.70	950	19
Mar	138.00	+0.40	138.80	138.30	30,876	8,239
Apr	136.20	+0.60	136.20	134.80	917	37
May	134.30	+1.00	134.40	132.75	5,436	592
Jun	132.05	+1.10	-	-	532	25
Total					52,339	9,395

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	380.90-381.30	
Opening	377.10-377.50	
Morning fix	377.60	242.129
Afternoon fix	380.50	243.131
Day's High	381.50-381.90	
Day's Low	376.70-377.10	
Previous close	375.70-376.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.67	6 months	5.82
2 months	5.03	12 months	6.52
3 months	5.29		

Silver Fix	p/troy oz.	US cts equiv.
Spot	303.90	473.75
3 months	308.35	480.55
6 months	313.40	488.40
1 year	325.75	507.35

Gold Coins	$ price	£ equiv.
Krugerrand	378-381	243-246
Maple Leaf	391.50-393.95	
New Sovereign	88-91	56-59

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Jan	380.9	+4.2	-	-	3	2
Feb	381.4	+4.1	382.7	378.1	89,906	23,058
Mar	383.3	+4.2	384.5	380.2	2	2
Apr	385.2	+4.2	386.5	381.9	17,065	2,430
Jun	389.0	+4.2	390.0	385.5	25,211	1,598
Aug	393.4	+4.3	393.3	393.3	13,671	385
Total					4,923	28,505

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Jan	416.8	+6.5	-	-	61	3
Apr	421.4	+6.5	421.8	416.0	18,607	2,855
Jul	425.7	+6.5	426.0	421.4	3,366	67
Oct	430.2	+6.5	430.2	428.5	830	-
Jan	433.9	+6.5	-	-	149	-
Total					23,013	2,925

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	160.00	+1.15	160.25	158.50	6,305	304
Jun	161.25	+1.15	161.50	160.25	877	14
Sep	162.25	+1.15	-	-	198	-
Dec	163.25	+1.15	-	-	11	-
Total					7,391	318

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Jan	483.1	+12.8	-	-	-	-
Feb	483.1	+12.7	-	-	1	-
Mar	488.2	+12.7	489.5	474.0	72,464	10,992
May	492.1	+12.8	495.0	480.0	12,405	947
Jul	498.4	+12.9	501.0	487.0	7,040	102
Sep	504.8	+13.0	507.0	504.0	9,609	27
Total					133,385	12,158

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	17.72	-	17.83	17.64	68,940	41,481
Mar	17.63	+0.01	17.72	17.55	73,399	36,901
Apr	17.59	+0.01	17.66	17.52	32,639	20,310
May	17.59	+0.02	17.62	17.54	18,016	6,332
Jun	17.58	+0.02	17.60	17.53	28,912	8,854
Jul	17.58	+0.07	17.60	17.56	13,626	2,116
Total					374,808	129,747

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	16.59	-0.04	16.78	16.59	71,389	27,813
Mar	16.29	-0.04	16.44	16.28	56,036	27,129
Apr	16.19	-0.03	16.33	16.19	19,002	5,903
May	16.18	-0.05	16.30	16.18	8,855	1,374
Jun	16.21	-0.02	16.29	16.21	7,545	665
Jul	16.23	+0.03	16.29	16.23	4,853	797
Total					178,492	63,495

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	47.85	-0.33	48.10	47.40	35,279	19,110
Mar	47.95	-0.41	48.45	47.70	33,310	12,420
Apr	48.10	-0.21	48.30	47.85	17,025	3,635
May	47.95	-0.16	48.10	47.75	9,602	1,158
Jun	47.95	-0.06	47.95	47.85	7,394	377
Jul	47.90	-0.31	48.00	47.90	7,370	537
Total					130,800	38,302

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	142.75	-0.50	144.50	142.75	41,007	13,661
Mar	145.00	-0.50	146.75	145.00	13,653	2,890
Apr	145.75	-0.25	147.25	145.75	5,699	2,293
May	146.25	-	147.25	146.25	2,230	668
Jun	147.00	-	147.75	147.00	8,389	135
Jul	148.75	-0.25	149.25	148.75	2,438	356
Total					88,916	28,942

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	1.365	-0.065	1.445	1.350	26,094	21,243
Mar	1.430	-0.040	1.470	1.410	21,495	7,549
Apr	1.470	-0.030	1.505	1.455	11,459	2,217
May	1.485	-0.030	1.516	1.480	10,552	1,297
Jun	1.522	-0.023	1.545	1.520	8,569	1,044
Jul	1.556	+0.020	1.575	1.550	9,789	775
Total					146,879	39,340

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	55.00	+0.46	55.25	54.30	18,125	13,285
Mar	53.90	+0.33	54.10	53.45	13,679	6,148
Apr	56.05	+0.07	56.15	55.90	11,068	4,110
May	55.30	+0.02	56.40	55.30	5,595	1,435
Jun	55.55	+0.12	55.70	55.50	2,522	500
Jul	55.40	+0.32	55.40	55.40	1,247	127
Total					55,328	25,717

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

Jan	2110	+45	2110	2055	876	112
Feb	2113	+43	2113	2070	254	47
Mar	2101	+42	2101	2055	191	31
Apr	2085	+51	2085	2030	1,528	158
Jul	1815	+40	1815	1785	449	83
Oct	1825	+20	1825	1805	328	23
Total					3,699	464

	Close	Prev
BFI	2038	2019

Wool

Although a world record price was paid for one bale of 13.8 micron merino fleece at this week's Geelong sale, finer merino prices in general were steady to firm at the opening auctions of 1995. Middle and broader merinos tended dearer and crossbred wools were more definately dearer, with New Zealand and a British wool auction showing clear increases compared with the close last year. The Australian market indicator for Eastern states was 776 cents/kg, at the close of the week, 7 cents higher than before Christmas. New Zealand was 23 cents higher at 540 cents/kg, and British wool prices increased by fully 2.5%, with some types 5% to 7% dearer. The resumed upward price tend is bringing more buying interest but resistance to higher levels is determined and margins remain under pressure.

SOFTS

■ COCOA LCE (£/tonne)

[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE ($/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 12	Jan 11	month ago	year ago
2254.5	[illegible]	[illegible]	[illegible]

■ CRB Futures (Base: 1967=100)

Jan 11	Jan 10	month ago	year ago
234.41	[illegible]	[illegible]	[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

[illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

[illegible]

■ COPPER (Grade A) LME

[illegible]

■ COFFEE LCE

[illegible]

■ COCOA LCE

[illegible]

■ BRENT CRUDE IPE

[illegible]

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Feb) +or-

[illegible]

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

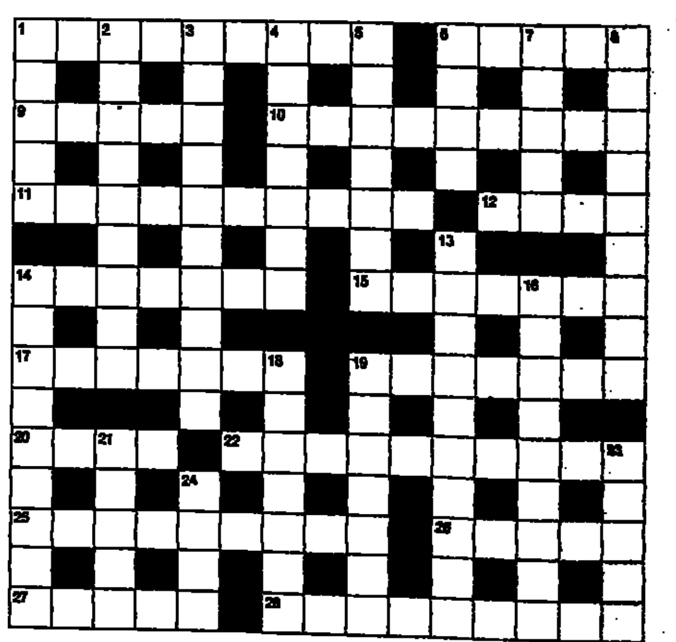
[illegible]

■ OTHER

[illegible]

CROSSWORD

No.8,659 Set by VIXEN



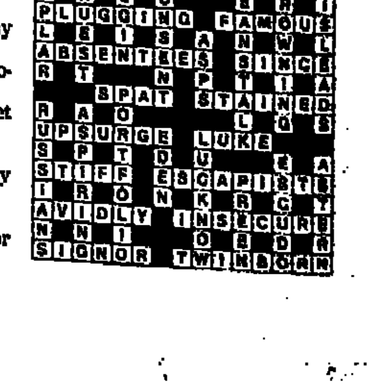
ACROSS

1 Support with a pained expression in far from smart fashion (9)
6 A woman having great potential (5)
9 Praise accorded at one time to the left (5)
10 Decided against competing, being somewhat hurt (9)
11 Both serving men and bar keeper are anti-monarchist (10)
12 A little cucumber seems right with tongue (4)
14 Love to go on acquiring oriental work (7)
15 See cans put into boxes (7)
17 Kept a place to land fish (7)
19 For the small child everything is material (7)
20 Others take some relaxation (4)
22 Social worker, one the jerk finds contrary (10)
25 Decoration a golf club put out (4,5)
26 A team's confidence in play (5)
27 Newspaper leader about people effecting reform (5)
28 As may be seen, the bouquet is not pristine (9)

DOWN

1 A beast has to give way always (5)
2 Extended alfresco meal (9)
3 He'll whoop it up – race or belt off (10)
4 Popular high church feature to fire the imagination (7)
5 Refuse to dress on time (7)
6 Get a switch for the entrance (4)
7 A number may be used in the theatre (5)
8 Directs a dunderhead over clothing (9)
13 Quarrel a lot? Rubbish! (10)
14 Turn to the woman's way as an alternative (9)
16 Just one person's game is brilliant (9)
18 Place to see the family right with no craft (7)
19 Learn about borders – colour's what's needed (7)
21 Stay at the seaside (5)
23 Many went for a break (5)
24 Got very cold tossing dice (4)

Solution 8,658



LONDON STOCK EXCHANGE

MARKET REPORT

Currency worries undermine a firm opening

By Terry Byland,
UK Stock Market Editor

The stock market followed what is fast becoming an established pattern yesterday, performing firmly at first but turning back in the second half of the session as the US dollar came under pressure again.

Rumours from the currency markets, focusing around Asia but also taking in the lira and the peseta, took the heart out of investment activity in equities.

The market climbed by 10 points on the FT-SE 100 scale in early trading, with the stage set overnight by the recovery in the Dow Industrial Average from its weakness at the London close.

But this proved the best of the day and shares then marked time until New York opened and falls in *US bonds and currencies soon* turned London downwards. By the close, the FT-SE 100-share Index was a net 16.7 points down at 3,033.2, effectively the worst level of the day.

Trading volume was unimpressive, with 594.3m shares dealt through the Seaq network, against 662.9m on Wednesday. However, downward pressure was spread across the market and the broadly based FT-SE Mid 250 Index lost 5.6 at 3,471.

The lack of support at the close contrasted sharply with the favourable tone across European markets in the morning. The fourth-quarter GNP growth announced from West Germany was regarded as an indication that the economic recovery would continue there this year without bringing need for the Bund*esbank to raise interest rates.*

Analysts commented that hopes of stability in German rates would provide a valuable antidote to general expectations in Europe that US interest rates are headed higher in the near future.

However, it became clear after Wall Street opened that there is underlying concern in London over the Mexican market situation and its implications for the world's banks and investment houses. Mr Robin Aspinall of Panmure Gordon, the UK stockbroker, commented: "Flight to quality is a euphemism for panic."

Once again it was left to specific company situations to provide the features, and yesterday there were fewer company developments to provide leads for the market as a whole. TSB ran into profit-taking in spite of a strong rise in full-year profits. The rest of the banking sector, with trading results also due, showed a mixed trend as analysts began to examine TSB's figures.

Heavy trading in Saatchi & Saatchi, after two of its biggest clients announced that they were taking their business away, raised further queries regarding the stock market's view of the group's future, now that a number of leading executives have chosen to follow Mr Maurice Saatchi out of the door.

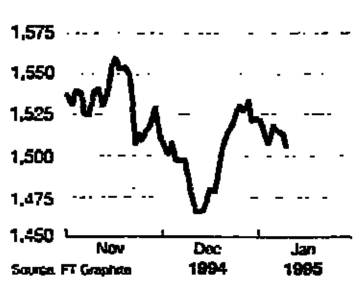
The shares were marked down at the opening, and most of the share trading took place at the lower levels, indicating that there were plenty of buyers as well as sellers. City analysts hold divided views, with some seeing the shares now approaching a buying range.

The store and retail sector suffered in the late downturn, with Sears falling sharply in spite of a relatively favourable report on Christmas trading at its major stores in London's West End. Most of the other blue chip stores were also weaker as their shares paid the penalty for some of the narrowly based optimism shown just before Christmas.

Property shares also continued to slide as investors showed a negative attitude towards prospects for a recovery in the leading city rental markets.

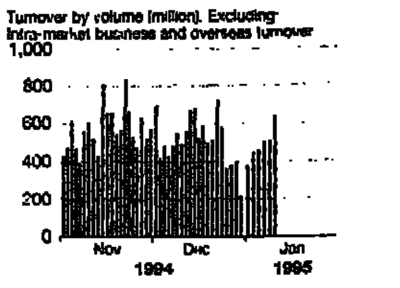
The uncertainty in the US dollar kept most of the international blue chips close to their overnight levels, and although traders said there was not much selling pressure, it was equally clear that the big institutions remained unwilling to drive the UK market ahead at present.

FT-SE-A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding intra-market business and overseas turnover



■ **Key Indicators**

Indices and ratios

FT-SE 100	3033.2	-16.2	FT Ordinary index	2339.4	-12.0
FT-SE Mid 250	3471.0	-5.6	FT-SE-A Non Fins p/e	17.78	(17.86)
FT-SE-A 350	1521.7	-6.8	FT-SE 100 Fut Mar	3045.0	-20.0
FT-SE-A All-Share	1506.95	-6.20	10 yr Gilt yield	8.77	(8.80)
FT-SE-A All-Share yield	4.05	(4.03)	Long gilt/equity yld ratio:	2.12	(2.20)

Best performing sectors		Worst performing sectors	
1 Chemicals	+0.4	1 Spirits, Wines & Ciders	-1.2
2 Paper, Pckg & Print	+0.4	2 Telecommunications	-1.2
3 Tobacco	+0.1	3 Retailers, General	-1.1
4 Other Ser & Bus	+0.1	4 Leisure & Hotels	-1.0
5 Investment Tsts	+0.1	5 Diversified Inds	-1.0

Euro-link talk lifts BAe

Talk of a European link for its loss-making turbo prop side, plus rumours of an acceleration of the March 16 deadline for the monopolies ruling on the VSEL takeover, propelled British Aerospace up by 10 to 442p in 2.5m turnover.

BAe was said to be in talks with the Franco-Italian group ATR and hopes were running high for a successful conclusion to the negotiations. Operating losses within BAe's turboprop divison are estimated by analysts to be running in excess of £150m.

The excitement generated by the monopolies rumour spilled over to submarine maker VSEL, which moved ahead 30 to 1410p. GEC, which has a rival bid, shed 1¼ to 293¾p in 7.2m turnover.

Saatchi busy

Turnover in Saatchi & Saatchi, the bedevilled advertising group, was the highest on record as investors bailed out following news that the group had lost two accounts and could well lose others.

Saatchi's trading volume of 19m shares represented more than 4 per cent of the company's equity changing hands and was the heaviest among listed securities in London.

The weight of stock passing though marketmakers' hands *appeared to represent an international tussle between US investors who take a more global view and UK sellers who have been influenced by the media campaign masterminded* by Mr Maurice Saatchi, the ousted founder.

The shares were marked down 10 at the start of trading and barely moved subsequently, closing 10½ off at 97p.

Some investors were looking around for rivals which might gain at Saatchi's expense, while others felt that the shock waves emanating from the company would prompt a full blown rerating of the sector. Consequently, turnover was also exceptionally heavy in WPP, but the 14m shares traded led to a fall of only a penny at 111p.

Rank hit

Strong talk of "trouble ahead" for leisure giant Rank Organisation was heard late in the session as the market reacted to news that it was selling its 40 per cent stake in Rank Xerox, the international office equipment company, for £620m.

The stock had its busiest session for seven years in active but volatile trading, with dealers disappointed by the price the company was to receive from the sale.

Initially, the shares surged forward in early trading as the market focused on the group's better than anticipated full-year figures. Profits jumped 37 per cent to £376.6m and it increased the dividend. The shares leapt forward and were trading at 414p at the day's peak.

However, a sharp reversal soon followed after analysts examined details of the Xerox sale. Most concluded that the price received was too low and that the deal would lead to a dilution in earnings. Others also cited the deal's financing as a further reason for concern.

The shares tumbled to a day's low of 375p before steadying to close 22 down at 381p after heavy trading of 16.5m.

Mr Brian Newman at Henderson Crosthwaite said: "I can see trouble ahead. Some shareholders are disappointed with the valuation placed on this partial disposal of Xerox; I believe shareholders will vote against it."

Bank note printer De La Rue was the strongest performer in the FT-SE 100 as dealers scrambled to close an arbitrage with Portals, the paper manufacturer which De La Rue successfully bid for in December.

The £682m price tag includes an offer of nine shares and £124 for every 20 Portals shares and values the latter at 1050p a share. Marketmakers have been buying Portals shares to take advantage of the price differential with underlying stocks. Attempts to take advantage of the offer before the cash alternative closes at the end of the week squeezed De La Rue up 26 to 965p. Portals gained 14½ at 1039p.

Lonrho improved 2½ to 158½p in turnover of 6.6m following upbeat full-year results which included a higher than expected dividend plus what one analyst described as clear evidence of a new approach to accounting transparency.

Some marketmakers have begun to talk about a breakthrough in investor appeal for the international trading group. Most institutions have traditionally steered clear, but under the new streamlined management structure many fund managers could conceivably start to rethink investment policies.

Analysts played down market talk that J. Sainsbury was about to buy DIY chain Texas Homecare from Ladbroke. Shares in the former closed 1½ down at 414p, while the latter eased ½ to 174p.

Bid speculation for food retailer Argyll Group helped the shares advance 5½ to 265½p. Hanson, the international conglomerate, was said to be eyeing the group.

An S.G. Warburg buy note earlier this week continued to support the shares, and Argyll was said to have held a series of successful presentations in New York this week. Hanson shares closed 2¼ lighter at 239½p.

Bank TSB fell 6¼ to 219p, with 9.3m traded, in spite of pre-tax profits above most analysts' forecasts. Although earnings rose to £504m from £301m, there was some disappointment over operating profits as well as future prospects.

The US house was also believed to have been active in Barclays, which rose 7 to 583p. There was talk of a 10m-share switch out of National Westminster Bank, but only 6.7m shares showed up in the former and 7.1m in NatWest, which put on 3 at 479p.

Chemicals leader ICI rose 11 to 766p, with Goldman Sachs said to be buying aggressively.

Promoted to the CAC-40, the Paris bourse's leading share index, Channel tunnel operator Eurotunnel advanced 13 to 321p. Strong interim results pushed truck hirer and housebuilder Goode Durrant ahead by 17 to 219p.

Vickers added 2 at 169p following a buy note from Smith New Court, which sees a *return to positive operational* gearing for the group.

Weir Group sank 42 to 251p as the market reacted violently to heavy reorganisation costs in pumps and a flat statement on trading.

Telecoms giant BT ran into profit-taking after the recent rally, closing 6 down at 401p. Turnover was 11m shares, with sentiment coloured by some hefty position-taking via the option market. Dragged down by Hong Kong stock market worries, Cable and Wireless dipped 6 to 359p.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jeffrey Brown.

■ Other statistics, Page 19

NEW HIGHS AND LOWS FOR 1994/95

NEW HIGHS (25).
BREWERIES (2) Regent Inns, Wetherspoon (JD), DISTRIBUTORS (1) Finelist, ELECTRNC & ELECT EQUP (5) Chrchley, Filtronic Comtek, Hewlett-Packard, Kershaw (A), TLG, ENGINEERING (1) Mackie Int'l., ENG. VEHICLES (2) ERF, First Technology, FOOD PRODUCERS (1) Rowe Evans Inv., INVESTMENT TRUSTS (1) Abtrust Pris. Zero Pf., LEISURE & HOTELS (2) Northern Leis. Do Cv '96/01, OTHER FINANCIAL (1) Baltic, OTHER SERVS & BUSNS (1) Benzm, PAPER, PACKG & PRNTG (1) Ponals, PHARMACEUTICALS (1) Scotia, PROPERTY (1) Dunloe House, RETAILERS, GENERAL (1) Hampden, SUPPORT SERVS (1) Black & Edgington, TEXTILES & APPAREL (1) Mining Inds., TRANSPORT (1) Goode Durrant, WATER (1) South Staffs.
NEW LOWS (108).
GILTS (1) OTHER FIXED INTEREST (1) BANKS, MERCHANT (1) Joseph (L), BANKS, RETAIL (2) HSBC Hk, HSBC, BREWERIES (1) Young A, BUILDING & CNSTRN (1) Amey, BLDG MATLS & MCHTS (2) Lafarge Coppee, Norcros, CHEMICALS (1) Wardle Storeys, DISTRIBUTORS (4) Evans Halshaw, Henlys, Perry, Welpac, DIVERSIFIED INDLS (2) Hutch. Whmp., Staveley Inds., ELECTRNC & ELECT EQUP (1) Kenwood Appliances, ENGINEERING (4) Hill & Smith, Moline, Wagon Ind'l., Weir, ENG. VEHICLES (3) Ingham, Select Inds., T&N, EXTRACTIVE INDS (4) Bolyrchk Gold, Deelkraal, Dragon Mining, RTZ, FOOD PRODUCERS (1) Borthwicks, HEALTH CARE (1) Tepnel Life Sciences, INSURANCE (1) PWS, INVESTMENT TRUSTS (36) INVESTMENT COMPANIES (13) LEISURE & HOTELS (1) Casket, LIFE ASSURANCE (2) Transatlantic, Do 6p Cv., MEDIA (3) Gold Greenlees Trott, Phonelink, Saatchi, OIL EXPLORATION & PROD (2) OTHER FINANCIAL (4) OTHER SERVS & BUSNS (1) Porth, PROPERTY (4) Burford, Creston Land, Daejan, St Modwen., RETAILERS, FOOD (1) Nurdin & Peacock, RETAILERS, GENERAL (3) SUPPORT SERVS (2) Sketchley, Warner Howard, TRANSPORT (1) Eurodollar, CANADIANS (2).

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures again moved lower within a wide *trading arc, but activity* dropped away from the levels generated by Wednesday's roller-coaster session and in general the market was steadier, *writes Jeffrey Brown.*

The FT-SE 100 March contract was at 3,045 at the close of pit trading, down 19 for a two-day drop of 41 *points. The premium to the* cash market was 11 points at the close, two points under the middle range of dealers' estimates of fair value.

The day began with relative buoyancy thanks to Wall Street's steady overnight performance, and by mid-morning the March *contract had moved out to* 3,083 and a premium to cash of more than 20 points.

But the mood swung round after lunchtime, and with Wall Street trending lower stock index futures were soon back in negative territory, in spite of the uptick for German bonds. The March contract touched a low for the day of 3,042 just before 3pm.

Monument Securities was an active seller, but the market was never seriously flooded with sell orders. For the most part genuine business was thin *on the ground and contract* numbers fell short of 11,000, against 13,000 on Wednesday.

Stock options were also *subdued.* Total *Liffe volume* was 48,886 lots – up from 41,646 – but FT-SE and Euro FT-SE activity accounted for 33,000 lots. Actual stock option business was 40 per cent lower. Telecoms giant BT was easily the most active option, running up 3,617 contracts.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3076.0	3045.0	-19.0	3083.0	3035.0	12457	56410
Jun	3087.0	3056.0	-19.5	3087.0	3056.0	363	3889
Sep		3080.0	-19.0			0	20

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3470.0	3460.0	-30.0	3470.0	3462.0	65	3985

■ FT-SE 100 INDEX OPTION (LIFFE) (*3034) £10 per full index point

	2850 C	2850 P	2900 C	2900 P	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P
Jan	186½	1	137½	2	91	5	50	13½	19½	38	5	75	1	125	1	175
Feb	205	10	163½	17½	124	28½	88½	44	58	65	35½	93½	19½	130	10	175
Mar	220	25½	181	35½	144	47½	110	64½	79½	85½	57	114½	38½	147½	25	185
Apr	236½	43½	200½	57	166	72½	137	92	107½	113	85½	141½	64	173½	47	208½
Jun†			221	71			161½	109			111	159			71	220

Calls 9,832 Puts 8,872

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2875 C	2875 P	2925 C	2925 P	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P
Jan	161	1	112½	3	67½	7½	31½	21½	10½	50½	2½	92	1½	140½	1	189½
Feb	180	10	138½	18½	102½	32	71½	50½	46	75	27	105½	14½	143	7	185
Mar	193½	25½	155½	37	121½	52½	92	72	67	96½	46½	125½	38½	159	18½	197
Jun			208	81½			150½	120			102	169½			65	229½
Sept			251	102			193½	141			144½	188			104½	243½

Calls 1,784 Puts 11,382 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

FT-SE Actuaries Share Indices — The UK Series

	Jan 12	Day's chge%	Jan 11	Jan 10	Jan 9	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3033.2	-0.5	3049.4	3060.4	3055.8	3360.0	4.25	7.32	16.13	1.93	1158.78
FT-SE Mid 250	3471.0	-0.2	3476.6	3471.8	3477.1	3882.1	3.65	6.23	19.14	2.61	1308.76
FT-SE Mid 250 ex Inv Trusts	3481.2	-0.2	3487.9	3481.1	3485.9	3890.2	3.79	6.73	17.85	2.62	1310.71
FT-SE-A 350	1521.7	-0.4	1528.5	1532.2	1531.0	1689.4	4.11	7.07	16.74	1.01	1189.63
FT-SE-A 350 Higher Yield	1555.9	-0.6	1564.8	1565.0	1559.0	1709.9	5.12	7.51	15.90	1.45	999.89
FT-SE-A 350 Lower Yield	1487.3	-0.3	1492.1	1499.3	1502.7	1627.0	3.08	6.62	17.59	0.58	980.74
FT-SE SmallCap	1742.32	.....	1742.00	1741.85	1744.09	1929.65	3.32	6.32	19.38	0.81	1362.48
FT-SE SmallCap ex Inv Trusts	1720.45	.....	1720.26	1719.20	1720.46	1894.03	3.51	7.07	17.52	0.88	1349.99
FT-SE-A ALL-SHARE	1506.95	-0.4	1513.15	1516.56	1515.59	1673.12	4.05	7.01	16.92	0.98	1198.09

■ **FT-SE Actuaries All-Share**

	Jan 12	Day's chge%	Jan 11	Jan 10	Jan 9	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(25)	2640.48	-0.1	2641.98	2664.23	2665.58	2545.33	3.56	5.13	24.63	0.00	1066.01
12 Extractive Industries(7)	3575.96	-0.4	3589.40	3599.49	3651.75	3779.66	3.39	5.44	22.71	0.00	986.76
15 Oil, Integrated(3)	2633.44	+0.1	2632.03	2658.65	2653.02	2478.71	3.70	5.70	21.83	0.00	1087.50
16 Oil Exploration & Prod(15)	1862.70	-0.5	1871.47	1878.31	1872.07	1883.29	2.62	‡	‡	0.00	1077.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

TRADING VOLUME

■ **Major Stocks Yesterday**

	Vol. 000s	Closing price	Day's change
3i†	157	336½	+½
ASDA Group†	4,800	66½	-¼
Abbey National†	3,200	428	-2
Albert Fisher	1,000	44	-1
Allied Domecq†	834	534	-6
Anglian Water	88	494	-5
Argos	509	345	+3
Argyll Group†	9,000	265½	+5½
Arjo Wiggins†	350	240	-2
Assoc. Brit. Foods†	170	584	-1
Assoc. Brit. Ports	532	276	-3
BAA†	1,500	483	-5
BAT Inds.†	4,600	450	+1
BET	629	111	-1
BICC	463	343	-2
BOC†	507	722	
BP†	9,600	415	+½
BPB Inds.	2,500	302	+2
BT†	11,000	401½	-6
[illegible]	[illegible]	[illegible]	[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	25	20	25
Other Fixed Interest	1	3	10
Mineral Extraction	52	47	96
General Manufacturers	85	123	420
Consumer Goods	31	44	110
Services	54	95	342
Utilities	6	29	7
Financials	43	112	208
Investment Trusts	51	68	341
Others	33	52	32
Totals	381	593	1591

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	January 6	Expiry	April 6
Last Dealings	January 20	Settlement	April 24

Calls: Arcon Int, Atrous, Brit Airways, Glencar, Irish Cont, Mayflower Cp, Middlesex Hld, Premier Cons, Proteus, Regent Corp, Sphere IT, Storm Grp, Tullow Oil, West Trust, Wiggins. Puts: Arcon Int, Mayflower Cp, Regent Corp, Saatchi & Saatchi, Sphere IT, Storm Grp, Wiggins. Puts & Calls: HSBC, Saatchi & Saatchi, Tarmac.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994/95 High	1994/95 Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	4.99	99	90½	Ascot Man Inv	99		-	-	-	-
-	F.P.	4,287.6	259	246	BSkyB	250	+1½	N-	-	-	47.1
-	F.P.	38.4	64	43	Brit Assets Gth	62½		-	-	-	-
-	F.P.	1.63	6½	5½	Cale. Media Wrts	5½		-	-	-	-
-	F.P.	68.9	173	133	Clydeport	167	-1	RN3.51	-	2.6	-
$10	F.P.	35.1	625	585	First Russian Fr	585	-5	-	-	-	-
100	F.P.	45.5	94	91	Fleming Nat Res	91		-	-	-	-
100	F.P.	26.4	106	91½	For & Col Emrg C	92	-½	-	-	-	-
500	F.P.	45.1	510	490	Gartmore Mic Uts	508		-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

[illegible]

FINANCIAL TIMES EQUITY INDICES

[illegible]

FT GOLD MINES INDEX

[illegible]

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 2nd Pf		95¾	—	117	88¼	12.1	10.3	-
9¼pc Non-Cum Pf		116¾	—	137½	107	48.7	10.4	-
Cater Allen	♣†N☐	455	—	*630¼	443	148.3	7.8	9.4
Close Bros	♣N	225	—	*286½	203	214.2	4.2	10.2
Gerrard & Nat	♣†N☐	408	-1	515	395	238.1	6.1	14.1
Hambros	♣N☐	244	-2	473	209	430.7	7.7	15.0
7½pc Cv Pf		109	—	191	99½	140.4	8.8	-
Joseph (L)	♣†N	395	-3	443	395	28.9	5.8	11.5
King & Shaxson	♣N	103xd	—	170	103	17.9	10.9	10.2
Kleinwort Benson	♣†N☐	532	-1	693	424	709.7	4.5	9.4
Rea Bros	♣†N☐	68	—	79	53	27.4	1.8	18.5
Schroders	♣†N☐	1443	-2	1574	1050	1,443	1.6	13.2
N/V	†N	1310	—	1458	1043	379.9	1.8	12.0
Singer & Fried	♣†N☐	88½	—	114	75	166.0	4.6	11.0
Union	♣†N☐	92	—	*198	87	24.5	6.1	8.5
Warburg (SG)	♣N☐	661	-9	1012	569	1,454	4.2	12.1
Wintrust	♣N	215	—	380	203	18.3	6.0	14.4

BANKS, RETAIL

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl	☐	£22¾	+⅛	£25⅛	£19¾	6,885	5.0	φ
ANZ A$		203	—	278¾	171	2,701	6.1	φ
Abbey National	†N☐	425	-2	523	380½	5,589	4.6	14.3
Allied Irish I£	♣†N☐	288	—	314	233	1,786	4.7	10.3
Anglo Irish I£	N☐	54xd	—	*70	50	186.8	8.2	9.9
Asahi Y	☐	728¼	-9¼	819¼	628	16,911	0.6	φ
Banco Bil Viz Pts	☐	£15¼	+⅛	£17	£14⅛	3,496	5.5	6.8
Banco Sant Pts		624	—	*630½	623¾	3,627	6.0	6.4
Bk Ireland I£	†N☐	300	—	*319	246	1,423	4.9	8.7
Bank Scotland	♣†N☐	198½	-½	247	172½	2,297	3.4	11.1
9¼pc Pf		118¾	—	141½	106	116.8	9.9	-
9¾pc Pf		122¾	—	148½	111¼	122.8	9.9	-
Barclays	♣†N☐	583	+7	640	487	9,532	3.6	14.3
Dai Ichi Kan Y	☐	£11¾	-⅛	£12¾	£10⅞	37,388	0.5	-
Deutsche DM	☐	£283⅝	-2⅞	£344⅝	£270⅞	13,939	2.3	-
Espirito Santo	☐	£8¾	-⅛	*£13⅛	£7⅞	173.8	4.7	4.1
Fuji Bank Y	☐	1388¼	-3¼	1549¼	1152½	40,159	0.4	φ
HSBC HK	†N☐	647	-8	1133	646	11,348	4.7	9.4
HSBC (75p Shs)	†N☐	658½	-9½	1113	656½	5,593	4.7	9.5
Irish Permanent	N☐	240	—	240	205	182.7	5.0	8.4
Lloyds	†N☐	541	+1	680	519	7,016	5.3	10.7
Mitsubishi Y	☐	£15⅞	+⅛	£16⅞	£13⅛	43,858	0.4	φ
Mits Tst & Bk Y	☐	932	-11¾	1182¼	687½	11,169	0.6	14.6
Mitsui Tst & Bk Y	☐	838¼	-14½	879	514	7,854	0.9	21.3
Nat Aust A$		514	+3	620¼	472	6,880	7.1	φ
NatWest	†N☐	479	+3	622	421	8,214	5.1	9.3
Ottomane FFr		£21½	—	£33	£21	107.5	6.8	φ
Ryl Bk Scotland	♣N☐	385xd	+1	528	377	3,083	4.5	9.3
Sakura Y	☐	£8⅞	-⅛	£9⅞	£8⅛	27,921	0.6	51.5
Sanwa Y	☐	£12⅞	-⅛	£15⅛	£11⅛	36,206	0.5	-
Standard Chartd.	†N☐	258	+3	*359¼	223	2,487	3.1	8.9
7 3/8pc Prf		94½	-¼	108½	82¼	94.2	9.8	-
Sumitomo Y	☐	£11⅞	-⅛	£16⅛	£10⅛	37,085	0.5	-
Sumitomo Tst Y	☐	860	—	1148½	625	16,686	0.6	φ
TSB	N☐	220½	-5½	291	197	3,375	5.2	φ
Tokai Y	☐	£7⅝	-⅛	£8	£6⅜	15,185	0.8	46.2
Toyo Tst & Bk Y	☐	640¼	+4¼	852	586¼	5,031	0.8	56.0
Westpac A$		215¼	-3	260	194	3,919	2.5	φ
Yasuda Tst Bk Y	☐	499	—	666	442	6,504	1.0	43.6

BREWERIES

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Ascot Hldgs	☐	188	-1	*1025	150	46.4	-	-
Bass	♣N☐	514xd	-6	619	485	4,487	5.1	13.0
Boddington	†N☐	281	—	299	248	316.6	4.0	14.0
Burtonwood	†N	176xd	—	196	168	36.6	3.6	14.7
Eldridge Pope A	♣N	156xd	—	181	142	32.1	3.3	φ
Fosters A$		58	+2	68	46¾	1,802	5.3	φ
Fuller STA	♣†N	352xd	—	483	342	71.8	2.8	14.6
Gibbs Mew	♣†N	455	-3	*468	348½	63.2	2.5	16.2
Greenalls	♣N☐	420xd	—	511	398	678.2	3.9	20.8
Greene King	†N☐	529xd	—	584	452	224.3	3.1	14.4
Grosvenor Inns	♣N	188	—	*165	124	21.8	3.8	22.9
[illegible]								

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

BUILDING MATS. & MERCHANTS - Cont.

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

ENGINEERING, VEHICLES - Cont.

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD PRODUCERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

Approved by the Inland Revenue

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

	Notes	Price	+ or -	1994/95 high	low	Yld Gr's	NAV	Dis or Pm(-)
Approved by the Inland Revenue								
Aberforth Split Inc	N	88	—	97	84	12.0	-	-
Cap		182	—	226	161	-	255.6	36.7
Units	N	282	—	330	251	4.2	285.8	5.2
Abtrust Prf Inc		98xd	—	148	99	18.2	91.3	-7.8
Zero Div Pf		167	+½	167	165½	-	-	-
Archimedes Inc	N	235xd	—	270	220	14.1	-	-
Cap		408	—	433	355	-	627.4	35.0
City of Oxford		34	—	48	34	18.4	28.8	-45.3
Warrants		9	—	28	8	-	-	-
Zero Div Pf		97	—	104¼	96½	-	-	-
Contra-Cycl Inc		67	—	80	67	17.7	-	-
Cap		20½	—	29½	18½	-	42.6	51.9
Zero Div Pf		85	—	87½	80	-	-	-
Dosse Inc		77xd	—	85	77	12.9	-	-
Cap		35	—	48	34½	-	63.1	44.5
Derby Inc		160	—	173	147	12.3	-	-
Cap		303	—	328	268	-	441.4	31.4
Drayton Blue Chip		61xd	—	100	61	17.2	56.7	-7.0
Zero Pf		161	—	161	154	-	-	-
Drayton Rec		102xd	-1	144	99	9.8	98.7	-3.2
Pld Growth		140½	+½	140½	141	-	-	-
Edinburgh Income		46	—	61	45	10.9	37.7	-18.0
Zero Div Pf		60½	—	61¼	55½	-	-	-
Exmoor Dual		25	—	44	25	8.6	39.1	36.1
Inc	N	68	—	90	69	17.2	-	-
Zero Cpn Pf		242	—	242	241	-	-	-
Fleming Smlr Co's		161xd	-1	183	160	2.6	165.3	2.6
Zero Pf		180	+½	180	177	-	-	-
Fleming Geared Inc		173	-½	251	173	1.6	248.0	30.2
Warrants		118	—	220	118	-	-	-
Cnv Pkg Pf		159½	—	188	154	9.9	-	-
Fleming I & C Inc		71	-½	103½	71	8.6	78.3	9.3
Units	N	119	—	150	119	8.1	118.6	-3
Zero Div Pf		46	—	46	41¼	-	-	-
Fleming Intl High		35	—	52½	34½	13.1	35.1	0.3
Zero Div Pf		102	—	102	96¼	-	-	-
Fu & Col S&T Sp Inc		61½	—	76	61	7.8	-	-
Capital		59½	—	80	41	-	68.0	12.5
Units	N	120	—	133	106½	3.8	125.7	4.5

INVESTMENT COMPANIES - Cont.

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Spanish Smlr Co's		502	-2¾	580¼	480¾	-	-	-
Warrants		67½	-½	141	57	-	-	-
Thai Euro Fd		219¾	-¾	$23¾	£17¾	0.7	-	-
World Trust Fund		844½	-4¾	1010	844½	-	-	-
Warrants		610	-2¾	550¼	397	-	-	-

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

LEISURE & HOTELS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
Aberdeen Stk		32	—	40	26	3.04	-	-
Airtours		438xd	—	578¼	418	488.8	3.4	10.9
6¾p Cv Pf		137½	—	191½	135	88.6	5.8	-
Allied Leis		17	—	46½	17	11.9	-	-
Alpha Airports		144	—	177	135	217.2	3.5	-
Arcadian Intl		40	—	48	36	27.9	-	-
BCE		12¾	-½	14½	11¾	27.7	-	-
BS		183	—	200	100	11.3	2.0	-
Baldwin	N	113	—	131	85	21.8	3.9	19.4
Barr & WAT A	N	234	+2	233	222	23.4	5.3	9.7
Bluebird Toys		229	-1	290	135¾	100.8	3.3	6.8
Boosey & Hawkes		383	—	385	231	85.3	1.9	19.7
Break for the Border		61	-2	86	48	8.64	2.5	13.0
Brent Walker		3	—	7¼	2¾	10.5	-	-
Buckingham		2	—	7¼	1¾	2.41	-	-
Casket		24xd	-1½	59	24	22.6	5.7	13.3
Cassidy Brothers		78	—	104	78	4.34	4.4	10.1
Centralcoid		110	—	165	34	47.3	2.7	Φ
Chrysalis	N	256	—	258	114	88.1	1.6	37.8
City Centre		80	—	94	74	153.8	2.8	16.2
Compass		338	-3	374	305	804.4	2.5	17.3
Courtyard Leis		17	—	25	15	2.36	-	-
Crockfords		140	-1	188	132	140.8	4.0	9.9
David Lloyd		258	—	269	208	120.6	1.8	Φ
Euro Disney FFr		128	-8	213	78	679.2	-	-
Eurocamp		240	+1	290	232	63.1	5.2	9.9
European Leis		2½	—	4	2	19.9	-	-
Fairline Boats		450	—	455	308	19.8	4.4	20.3

LIFE ASSURANCE

MEDIA

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

FOR MERCHANT BANKS SEE BANKS, MERCHANT

OIL EXPLORATION & PRODUCTION

OIL EXPLORATION & PRODUCTION - Cont.

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1994/95 high	low	Mkt Cap£m	Yld Gr's	P/E
SA Brews	†	£14⅜	+⅛	£16⅜	£10	4,019	2.0	22.2
Tiger Oats		750xd	-38	838	538	1,128	2.1	17.3
Tongaat-Hulett	†a	701	-3	725	356¼	638.9	2.1	20.1

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- \- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Rule 21.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue
h Assumed dividend yield after scrip issue.
e Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1995.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings
M Yield based on prospectus or other official estimates for 1995-96.
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Lazard Fund Mngrs - Contd.

Merrill Lynch Guernsey

Singer & Friedlander Inv Funds Ltd - Contd.

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs

Allied Dunbar Intl Fund Mgrs (1600)F

Coutts & Co (Jersey) Fund Managers Ltd

EBC Fund Managers (Jersey) Ltd

Commercial Union Luxembourg SA - Contd.

Cresvale Group (u)

Midland Intl Circuit Fund SICAV(u)

IRELAND (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

GUERNSEY (REGULATED)(**)

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

JERSEY (REGULATED)(**)

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OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

CURRENCIES AND MONEY

MARKETS REPORT

Dollar falls amid rumours and anxiety

The dollar slipped below its key resistance levels against both the D-Mark and the yen yesterday as markets, beset by rumours and political anxiety, continued their flight to safe havens, *writes Motoko Rich*.

Rumours that a major US bank was in trouble due to over-exposure to the Mexican peso highlighted continuing market concern that the dollar would suffer as a result of US involvement in Latin America.

The dollar broke through the DM1.53 level and pushed as low as Y98.60. Against the D-Mark, the dollar finished in London at DM1.5295 from DM1.5354. Against the yen, it closed at Y99.0450 from Y99.87.

The D-Mark remained leader of the European pack, reaching a 13-month high against the French franc and forcing the Italian lira to a new low. The Spanish peseta was also probing its record low as political and fiscal instability kept the peripheral European currencies under pressure.

Asian currencies were under siege as investors fleeing from risk pulled out of the Thai baht, the Indonesian rupiah and the Hong Kong dollar, which hit an 18 month intra-day low. The Hong Kong Monetary Authority engineered a rise in short term interest rates to support its currency.

A slide in the Canadian dollar to a new nine-year low against the US dollar prompted the Bank of Canada to intervene in the markets and raise interest rates by half a percentage point for the second time this week.

■ Analysts said fundamentals had little to do with the dollar's fall, although higher-than-expected US jobless figures for the week of January 7 started the dollar along its slide against both the yen and the D-mark.

Mr Rob Loewy, economist at Midland Global Markets, said foreign exchange traders were worried that the US Federal Reserve would decide against an interest rate rise, which investors would like, at the end of the month because of the impact on global markets.

■ The D-Mark continued its reign as the safe haven currency in Europe. Political anxieties about Italy's unresolved government crisis and corruption allegations in Spain continued to overshadow economic fundamentals in those countries. The lira dropped as low as L1064.75 against the D-Mark - a fresh low - and closed in London at L1060, unchanged from its Wednesday close of L1060.

The Spanish peseta closed in London at Pta87.37, down from Pta86.94 against the D-Mark. Its lowest during the day was Pta87.46.

The French franc dropped to Ffr3.4595 against the D-Mark, its lowest level in 13-months. It closed in London at Ffr3.461 against the D-Mark, from Ffr3.455.

The Swedish krona gained briefly when Standard & Poor's, the US credit agency, affirmed the country's AA+ foreign currency rating. But it dropped back as markets took on board S & P's negative outlook for Sweden.

Mr Adrian Cunningham, senior currency economist at UBS, said volatility in the markets was much less than in the ERM crises of 1992 and 1993. "This is not a panic. It has just been a long time since we have seen this sort of activity."

■ Asian currencies were under speculative attack. The Thai baht and the Indonesian rupiah weakened as monetary authorities denied rumours of imminent devaluations and following interest rate rises in Indonesia and Thailand. Against the US dollar, the Hong Kong dollar closed in London at HK$7.76, from HK$7.766. The Thai baht closed at Bt25.625 against the dollar, from Bt25.11.

Mr Loewy said: "We think the flight from Asia is unjustified. Hong Kong has a pegged currency and the other Asian economies are quite strong."

■ The Canadian dollar fell to a new nine-year low against the US dollar, passing the C$1.4205 level and closing in London at C$1.4163 from C$1.4133.

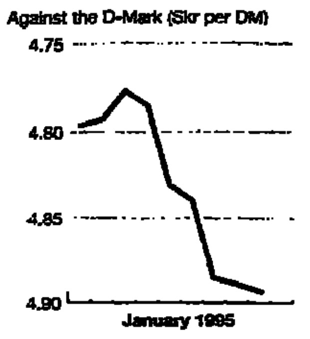
The Bank of Canada intervened in the markets and raised the target for its call loan rate by 50 basis points.

■ Sterling firmed more than a cent against the dollar and a pfennig against the D-Mark, finishing at DM2.3996 from DM2.3957 and at $1.5689 against the $1.5603.

In money market operations the Bank of England provided liquidity of £200m after forecasting a £900m shortage. Overnight rates traded between 5 3/16 and 3 per cent.

Swedish Krona

Against the D-Mark (Skr per DM)



Source: FT Graphite

■ Pound in New York

Jan 12	Latest	Prev. close
£ spot	1.5725	1.5595
1 mth	1.5722	1.5593
3 mth	1.5721	1.5591
1 yr	1.5708	1.5584

■ OTHER CURRENCIES

Jan 12	£	$
Hungary	178.118 - 178.355	113.560 - 113.680
Iran	2731.00 - 2734.00	1748.00 - 1750.00
Kuwait	0.4690 - 0.4701	0.2990 - 0.2996
Poland	3.8146 - 3.8194	2.4320 - 2.4340
Russia	5942.99 - 5947.70	3788.00 - 3791.00
U.A.E.	5.7606 - 5.7635	3.6727 - 3.6731

POUND SPOT FORWARD AGAINST THE POUND

Jan 12		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	16.8887	+0.0304	810 - 964	16.8988	16.8217	16.8749	1.0	16.8343	1.3	-	-	116.1
Belgium	(BFr)	49.4659	+0.0902	234 - 083	49.5083	49.2550	49.4359	0.7	49.3459	1.0	48.8309	1.3	117.8
Denmark	(DKr)	9.4690	+0.019	651 - 729	9.4729	9.4227	9.4708	-0.2	9.4636	0.2	9.4389	0.3	117.2
Finland	(FM)	7.4185	+0.0187	129 - 240	7.4420	7.3730	-	-	-	-	-	-	88.9
France	(FFr)	8.3016	+0.0232	974 - 058	8.3058	8.2553	8.299	0.4	8.2927	0.4	8.2472	0.7	110.5
Germany	(DM)	2.3996	+0.0039	982 - 009	2.4111	2.3896	2.3975	1.0	2.392	1.3	2.3597	1.7	127.9
Greece	(Dr)	373.465	+0.885	146 - 783	375.642	368.046	-	-	-	-	-	-	-
Ireland	(I£)	1.0116	+0.0017	108 - 123	1.0132	1.0083	1.0114	0.2	1.0115	0.0	1.0108	0.1	104.7
Italy	(L)	2542.32	+3.16	097 - 367	2544.08	2519.38	2548.62	-3.0	2560.42	-2.8	2616.47	-2.9	72.4
Luxembourg	(LFr)	49.4659	+0.0902	234 - 083	49.5083	49.2550	49.4359	0.7	49.3459	1.0	48.8309	1.3	117.8
Netherlands	(Fl)	2.6920	+0.0049	906 - 934	2.6934	2.6807	2.6903	0.8	2.6844	1.1	2.6492	1.6	121.9
Norway	(NKr)	10.5176	+0.0121	129 - 223	10.5234	10.4761	10.517	0.1	10.516	0.1	10.5077	0.1	86.7
Portugal	(Es)	247.643	+0.335	509 - 777	248.784	246.847	248.463	-4.0	249.938	-3.7	-	-	-
Spain	(Pta)	209.622	+1.291	458 - 786	209.786	207.552	210.147	-3.0	211.187	-3.0	215.912	-3.0	82.7
Sweden	(SKr)	11.7418	+0.0302	313 - 522	11.7522	11.6492	11.7588	-1.7	11.7873	-1.6	11.8978	-1.3	74.8
Switzerland	(SFr)	2.0121	+0.0032	108 - 133	2.0151	2.0049	2.0082	2.3	2.0003	2.3	1.9547	2.9	122.9
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	79.5
Ecu	-	1.2692	+0.0033	686 - 698	1.2698	1.2631	1.2692	0.0	1.2695	-0.1	1.2636	0.4	-
SDR†	-	0.935841	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5691	+0.0085	687 - 695	1.5695	1.5578	-	-	-	-	-	-	-
Brazil	(R)	1.3257	-0.0037	238 - 275	1.3275	1.3171	-	-	-	-	-	-	-
Canada	(C$)	2.2219	+0.0168	210 - 228	2.2234	2.2011	2.2221	-0.1	2.2236	-0.3	2.2345	-0.6	83.5
Mexico	(New Peso)	8.9425	+0.1658	836 - 014	9.1014	8.7059	-	-	-	-	-	-	-
USA	($)	1.5689	+0.0086	685 - 692	1.5700	1.5575	1.5687	0.2	1.5685	0.1	1.5676	0.1	62.8
Pacific/Middle East/Africa													
Australia	(A$)	2.0451	+0.0153	439 - 462	2.0462	2.0164	2.048	-1.7	2.0547	-1.9	2.0915	-2.3	-
Hong Kong	(HK$)	12.1743	+0.057	700 - 786	12.1786	12.0885	12.1433	3.1	12.2058	-1.0	12.1188	0.5	-
India	(Rs)	49.2090	+0.2721	921 - 258	49.2580	48.8630	-	-	-	-	-	-	-
Japan	(Y)	155.387	-0.44	282 - 492	156.380	154.590	154.897	3.8	153.852	4.0	148.087	4.7	189.1
Malaysia	(M$)	4.0166	+0.0315	149 - 183	4.0207	3.9807	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.4450	+0.0104	435 - 465	2.4465	2.4207	2.4508	-2.8	2.4617	-2.7	2.4962	-2.1	-
Philippines	(Peso)	38.2329	+0.0835	459 - 199	38.4700	37.8259	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.8844	+0.0318	827 - 861	5.8905	5.8420	-	-	-	-	-	-	-
Singapore	(S$)	2.2980	+0.0316	963 - 997	2.3009	2.2622	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.5314	+0.0286	290 - 338	5.5340	5.4900	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.6520	+0.1455	348 - 691	6.6706	6.4932	-	-	-	-	-	-	-
South Korea	(Won)	1240.57	+7.85	021 - 092	1241.87	1230.27	-	-	-	-	-	-	-
Taiwan	(T$)	41.2604	+0.1769	476 - 731	41.3029	40.9654	-	-	-	-	-	-	-
Thailand	(Bt)	40.2018	+1.0226	752 - 284	40.3284	40.0752	-	-	-	-	-	-	-

†SDR rates for Jan 11. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 12		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	10.7650	-0.0385	625 - 675	10.8400	10.7465	10.7575	0.8	10.741	0.9	10.6435	1.1	105.3
Belgium	(BFr)	31.5300	-0.115	100 - 500	31.7100	31.5000	31.5125	0.7	31.4575	0.9	31.15	1.2	106.8
Denmark	(DKr)	6.0357	-0.0208	345 - 368	6.0707	6.0260	6.0365	-0.1	6.0382	-0.2	6.0227	0.2	105.6
Finland	(FM)	4.7286	-0.014	261 - 311	4.7720	4.7202	4.7264	0.6	4.7216	0.6	4.7011	0.6	83.4
France	(FFr)	5.2915	-0.0142	900 - 930	5.3157	5.2840	5.2906	0.2	5.287	0.3	5.261	0.6	108.8
Germany	(D)	1.5295	-0.0059	290 - 300	1.5403	1.5270	1.5284	0.9	1.525	1.2	1.5052	1.6	109.3
Greece	(Dr)	238.050	-0.75	900 - 200	239.520	236.250	240.55	-12.6	244.8	-11.3	261.55	-9.9	68.7
Ireland	(I£)	1.5510	+0.0059	502 - 517	1.5520	1.5385	1.5512	-0.1	1.5507	0.1	1.551	0.0	-
Italy	(L)	1620.50	-6.85	000 - 100	1626.00	1616.25	1624.75	-3.1	1632.5	-3.0	1669.5	-3.0	72.8
Luxembourg	(LFr)	31.5300	-0.115	100 - 500	31.7100	31.5000	31.5125	0.7	31.4575	0.9	31.15	1.2	106.9
Netherlands	(Fl)	1.7159	-0.0063	154 - 164	1.7269	1.7124	1.7151	0.6	1.7114	1.0	1.6899	1.5	106.5
Norway	(NKr)	6.7040	-0.029	025 - 055	6.7505	6.6951	6.7003	0.7	6.6945	0.6	6.644	0.9	96.9
Portugal	(Es)	157.850	-0.65	800 - 900	158.710	157.800	158.425	-4.4	159.475	-4.1	162.975	-3.2	95.5
Spain	(Pta)	133.615	+0.095	540 - 690	134.120	133.260	133.97	-3.2	134.65	-3.1	137.765	-3.1	78.0
Sweden	(SKr)	7.4843	-0.0217	793 - 893	7.5212	7.4665	7.4955	-1.8	7.5148	-1.6	7.5918	-1.4	80.2
Switzerland	(SFr)	1.2825	-0.005	820 - 830	1.2933	1.2810	1.2802	2.2	1.2752	2.3	1.2468	2.8	108.4
UK	(£)	1.5689	+0.0086	685 - 692	1.5700	1.5575	1.5687	0.2	1.5685	0.1	1.5676	0.1	87.4
Ecu	-	1.2361	+0.0035	358 - 364	1.2381	1.2320	1.2362	-0.1	1.2361	0.0	1.2406	-0.4	-
SDR†	-	1.46272	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0002	-	001 - 002	1.0001	1.0002	-	-	-	-	-	-	-
Brazil	(R)	0.8450	-0.007	440 - 460	0.8460	0.8440	-	-	-	-	-	-	-
Canada	(C$)	1.4163	+0.003	160 - 165	1.4205	1.4115	1.4164	0.0	1.4177	-0.4	1.4259	-0.7	80.5
Mexico	(New Peso)	5.7000	+0.075	000 - 000	5.8000	5.5700	5.701	-0.2	5.7028	-0.2	5.7102	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	97.3
Pacific/Middle East/Africa													
Australia	(A$)	1.3036	+0.0027	031 - 040	1.3040	1.2942	1.3044	-0.7	1.3062	-0.8	1.3189	-1.2	90.7
Hong Kong	(HK$)	7.7600	-0.006	590 - 610	7.7721	7.7550	7.758	0.3	7.7568	0.2	7.7645	-0.1	-
India	(Rs)	31.3663	+0.0025	625 - 700	31.3725	31.3625	31.4363	-2.7	31.5813	-2.7	-	-	-
Japan	(Y)	99.0450	-0.825	000 - 900	100.120	98.9000	98.745	3.6	98.095	3.9	94.44	4.6	148.6
Malaysia	(M$)	2.5602	+0.0062	597 - 607	2.5611	2.5540	2.5572	1.4	2.5527	1.2	2.5397	0.8	-
New Zealand	(NZ$)	1.5585	-0.0018	579 - 591	1.5661	1.5533	1.5594	-0.7	1.5610	-0.9	1.5709	-0.8	-
Philippines	(Peso)	24.3700	-0.08	200 - 200	24.6500	24.2500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7508	-0.0001	505 - 510	3.7510	3.7505	3.7544	-1.1	3.7613	-1.1	3.7758	-0.7	-
Singapore	(S$)	1.4648	+0.0123	640 - 655	1.4670	1.4515	1.4632	1.3	1.4598	1.4	1.4433	1.5	-
S Africa (Com.)	(R)	3.5258	-0.001	250 - 265	3.5330	3.5215	3.5413	-5.3	3.5734	-5.4	3.7383	-6.0	-
S Africa (Fin.)	(R)	4.2400	+0.07	300 - 550	4.2700	4.1650	4.268	-7.9	4.3125	-6.8	4.55	-7.3	-
South Korea	(Won)	790.750	+0.7	700 - 800	790.800	789.400	793.75	-4.6	797.25	-3.3	815.75	-3.2	-
Taiwan	(T$)	26.2998	-0.0307	975 - 020	26.3315	26.2900	26.3198	-0.9	26.3598	-0.9	-	-	-
Thailand	(Bt)	25.6250	+0.515	500 - 000	25.7000	25.1100	25.6545	-1.4	25.7455	-1.9	26.15	-2.0	-

†SDR rate for Jan 11. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jan 11. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

January 12	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	4 3/4	5 1/4	5 3/4	5 3/4	6 1/4	7.40	4.50	-
week ago	5 1/2	5 1/4	5 1/2	5 3/4	6 1/4	7.40	4.50	-
France	5 1/4	5 1/4	5 3/8	6 1/8	6 3/4	5.00	-	5.40
week ago	5 1/4	5 1/4	5 3/8	6 1/8	6 3/4	5.00	-	5.75
Germany	4.85	5.00	5.10	5.30	5.80	6.00	4.50	4.85
week ago	4.80	5.00	5.15	5.35	5.85	6.00	4.50	4.85
Ireland	5 1/4	5 3/4	6 1/4	6 3/4	7 3/4	-	-	6.25
week ago	5 1/4	5 3/4	6 1/4	6 3/4	7 1/4	-	-	6.25
Italy	6 1/4	8 3/8	9 1/4	9 3/4	10 3/8	-	7.50	8.30
week ago	8 1/4	8 3/8	8 7/8	9 3/8	10 1/4	-	7.50	8.30
Netherlands	4.84	5.12	5.16	5.42	5.89	-	5.25	-
week ago	4.84	5.12	5.23	5.47	5.95	-	5.25	-
Switzerland	3 1/4	3 3/8	4	4 1/4	4 3/4	6.625	3.50	-
week ago	3 1/2	3 3/8	4 1/4	4 1/2	4 3/4	6.625	3.50	-
US	5 1/4	5 3/4	6 1/4	6 3/4	7 1/2	-	4.75	-
week ago	5 3/4	5 3/4	6 1/4	6 3/4	7 1/4	-	4.75	-
Japan	2 1/4	2 1/4	2 1/4	2 3/4	2 7/8	-	1.75	-
week ago	2 1/4	2 1/4	2 3/8	2 1/2	2 7/8	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 7/8	6 1/4	6 3/4	7 1/4	-	-	-
week ago	-	5 7/8	6 1/4	6 7/8	7 3/8	-	-	-
US Dollar CDs	-	5.71	6.16	6.69	7.45	-	-	-
week ago	-	5.71	6.19	6.70	7.49	-	-	-
SDR Linked Ds	-	4.56	4.94	5.25	5.69	-	-	-
week ago	-	4 1/4	4 3/4	5 1/4	5 5/8	-	-	-

ECU Linked Ds mid rates: 1 mth: 5 7/8; 3 mths: 6 1/4; 6 mths: 6 1/2; 1 year: 7 3/4. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 12	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	4 15/16 - 4 13/16	5 - 4 7/8	5 3/16 - 5 1/16	6 1/4 - 5 3/4	6 13/16 - 6 11/16	6 7/16 - 6 5/16
Danish Krone	5 1/4 - 5	5 5/8 - 5 3/8	5 3/4 - 5 1/2	6 1/8 - 5 7/8	6 7/8 - 6 5/8	7 7/8 - 6 7/8
D-Mark	4 7/8 - 4 3/4	4 15/16 - 4 13/16	4 13/16 - 4 11/16	5 3/16 - 4 15/16	6 1/4 - 6 1/4	6 13/16 - 6 11/16
Dutch Guilder	5 3/16 - 5 1/16	5 3/16 - 5 1/16	5 3/16 - 5 1/16	5 1/4 - 5 7/8	6 1/2 - 6 1/2	6 - 5 7/8
French Franc	5 3/8 - 5 1/4	5 1/4 - 5 3/8	5 5/8 - 5 1/2	6 - 5 7/8	6 7/8 - 6 5/8	7 - 6 7/8
Portuguese Esc.	8 3/4 - 8 1/2	9 1/4 - 9	10 1/4 - 10	11 1/16 - 10 5/8	12 - 11 1/2	12 7/8 - 11 7/8
Spanish Peseta	8 5/16 - 8 3/16	8 5/16 - 8 3/16	8 13/16 - 8 5/8	9 1/16 - 8 7/8	9 13/16 - 9 5/8	10 7/8 - 10 5/8
Sterling	5 1/8 - 4 7/8	5 1/2 - 5 3/8	6 - 5 7/8	6 1/2 - 6 3/8	6 13/16 - 6 11/16	7 3/4 - 7 5/8
Swiss Franc	3 3/8 - 3 1/4	3 1/2 - 3 3/8	3 13/16 - 3 1/2	4 1/8 - 4	4 1/4 - 4 1/8	4 5/8 - 4 1/2
Can. Dollar	5 13/16 - 5 1/2	6 - 5 13/16	6 1/2 - 5 13/16	6 7/8 - 6 3/4	7 13/16 - 7 3/4	8 3/4 - 8 5/8
US Dollar	5 1/2 - 5 3/8	5 5/8 - 5 1/2	5 13/16 - 5 11/16	6 1/4 - 6 1/8	6 13/16 - 6 11/16	7 3/4 - 7 1/2
Italian Lira	8 - 7 1/2	8 3/4 - 8 1/4	8 3/4 - 8 1/4	9 1/4 - 8 3/4	9 1/4 - 9 1/8	10 7/8 - 10 1/4
Yen	2 1/4 - 2 1/8	2 1/4 - 2 1/8	2 3/8 - 2 1/4	2 5/8 - 2 1/2	2 3/4 - 2 5/8	2 7/8 - 2 3/4
Asian $Sing	3 7/8 - 3 5/8	4 1/2 - 4 1/4	3 7/8 - 3 1/2	4 3/8 - 4 1/4	4 5/8 - 4 1/2	4 7/8 - 4 5/8

Short term rates are call for the US Dollar and Yen, others, two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.53	93.51	-	93.58	93.50	26,877	61,274
Jun	93.03	92.99	-0.01	93.10	92.98	15,878	52,943
Sep	92.73	92.71	-0.01	92.80	92.71	6,211	32,168
Dec	92.50	92.44	-0.03	92.54	92.44	3,169	19,498

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar		93.13	+0.07			0	1366
Jun		92.38	+0.05			0	613
Sep		91.92	+0.02			0	177
Dec		91.62	-			0	0

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.64	94.63	+0.02	94.66	94.61	30260	208861
Jun	94.16	94.15	+0.04	94.20	94.14	38632	148088
Sep	93.77	93.79	+0.06	93.82	93.74	21956	87965
Dec	93.35	93.39	+0.06	93.42	93.32	10406	67733

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	89.95	89.82	+0.02	89.98	89.74	10449	35294
Jun	89.43	89.30	-	89.43	89.20	4404	30990
Sep	89.07	89.00	-	89.06	88.95	2288	25931
Dec	88.81	88.77	+0.01	88.83	88.70	962	15426

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.70	95.66	-0.01	95.75	95.62	7673	21069
Jun	95.37	95.35	-0.01	95.38	95.32	805	8893
Sep	95.08	95.06	-0.01	95.09	95.03	508	5712
Dec	94.79	94.81	-0.01	94.79	94.79	70	2674

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.38	93.34	-	93.41	93.33	1496	9607
Jun	92.89	92.84	-	92.90	92.84	775	5156
Sep	92.48	92.43	-	92.48	92.40	314	3001
Dec	92.06	92.04	+0.01	92.08	92.00	185	1556

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 12		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.14	16.79	4.850	2.046	5140	5.443	21.27	500.6	423.8	23.74	4.068	2.022	4.493	3.170	314.2	2.566
Denmark	(DKr)	52.23	10	8.768	2.534	1.069	2685	2.843	11.11	261.5	221.4	12.40	2.125	1.056	2.347	1.656	164.1	1.340
France	(FFr)	59.58	11.41	10	2.890	1.219	3062	3.243	12.67	298.2	252.5	14.14	2.424	1.205	2.676	1.889	187.2	1.529
Germany	(DM)	20.62	3.947	3.461	1	0.422	1060	1.122	4.385	103.2	87.37	4.894	0.839	0.417	0.926	0.654	64.78	0.529
Ireland	(I£)	48.87	9.357	8.204	2.371	1	2512	2.660	10.40	244.7	207.1	11.60	1.988	0.988	2.196	1.549	153.6	1.254
Italy	(L)	1.946	0.373	0.327	0.094	0.040	100.	0.106	0.414	9.740	8.245	0.462	0.079	0.039	0.087	0.062	6.113	0.050
Netherlands	(Fl)	18.37	3.517	3.084	0.891	0.376	944.3	1	3.908	91.98	77.86	4.361	0.747	0.371	0.825	0.582	57.73	0.471
Norway	(NKr)	47.02	9.001	7.892	2.280	0.962	2416	2.559	10	235.4	199.2	11.16	1.913	0.951	2.112	1.490	147.7	1.206
Portugal	(Es)	19.98	3.824	3.353	0.969	0.409	1027	1.087	4.249	100.	84.65	4.742	0.813	0.404	0.897	0.633	62.76	0.513
Spain	(Pta)	23.60	4.518	3.961	1.145	0.483	1213	1.284	5.019	118.1	100.	5.601	0.960	0.477	1.060	0.748	74.14	0.605
Sweden	(SKr)	42.13	8.066	7.072	2.043	0.862	2165	2.293	8.961	210.9	178.5	10	1.714	0.852	1.893	1.336	132.4	1.081
Switzerland	(SFr)	24.58	4.706	4.126	1.192	0.503	1263	1.338	5.229	123.1	104.2	5.835	1	0.497	1.104	0.779	77.24	0.631
UK	(£)	49.46	9.469	8.302	2.399	1.012	2542	2.692	10.52	247.6	209.6	11.74	2.012	1	2.222	1.568	155.4	1.269
Canada	(C$)	22.26	4.261	3.736	1.080	0.455	1144	1.212	4.734	111.4	94.33	5.284	0.905	0.450	1	0.706	69.94	0.571
US	($)	31.54	6.039	5.295	1.530	0.645	1621	1.717	6.709	157.9	133.7	7.487	1.283	0.638	1.417	1	99.11	0.809
Japan	(Y)	31.83	6.093	5.342	1.544	0.651	1636	1.732	6.770	159.3	134.9	7.555	1.295	0.644	1.430	1.009	100.	0.817
Ecu		38.98	7.462	6.542	1.890	0.797	2003	2.121	8.290	195.1	165.2	9.251	1.586	0.788	1.751	1.236	122.5	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6518	0.6539	+0.0008	0.6540	0.6503	22,268	74,278
Jun	0.6548	0.6560	-0.0002	0.6561	0.6548	88	2,073
Sep	-	0.6590	-0.0006	-	-	3	147

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.0070	1.0153	+0.0078	1.0155	1.0042	21,714	83,433
Jun	1.0216	1.0270	+0.0071	1.0272	1.0216	874	7,769
Sep	1.0368	1.0380	+0.0042	1.0380	1.0368	16	383

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.7794	0.7812	+0.0010	0.7851	0.7760	18,040	37,276
Jun	0.7845	0.7862	+0.0011	0.7868	0.7842	32	912
Sep	-	0.7922	-	0.7925	0.7905	10	63

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.5600	1.5604	+0.0002	1.5618	1.5580	6,458	55,080
Jun	1.5620	1.5600	+0.0022	1.5620	1.5580	22	878
Sep	-	1.5600	-	1.5600	1.5570	5	4

UK INTEREST RATES

LONDON MONEY RATES

Jan 12	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 3/16 - 3	5 1/2 - 5 1/8	6 - 5 3/4	6 7/16 - 6 5/16	6 7/8 - 6 3/4	7 3/4 - 7 5/8
Sterling CDs	-	-	5 7/8 - 5 3/4	6 3/8 - 6 1/4	6 13/16 - 6 11/16	7 5/8 - 7 1/2
Treasury Bills	-	-	5 3/4 - 5 5/8	6 1/16 - 6	-	-
Bank Bills	-	-	5 29/32 - 5 27/32	6 3/8 - 6 1/4	6 3/4 - 6 5/8	-
Local authority deps.	5 13/16 - 5 11/16	5 13/16 - 5 11/16	6 1/16 - 5 15/16	6 5/16 - 6 7/16	7 1/16 - 6 15/16	7 13/16 - 7 11/16
Discount Market deps	5 1/2 - 4	5 7/8 - 5 3/4	-	-	-	-

UK clearing bank base lending rate 6 1/4 per cent from December 7, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2	2 1/2	5 1/4	5 1/2	5 3/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc. Ave. tender rate of discount 5.9033pc. ECGD fixed rate Stlg. Export Finance. Make up day Dec 30, 1994. Agreed rate for period Jan 25, 1995 to Feb 25, 1995, Schemes II & III 7.71pc. Reference rate for period Dec 1, 1994 to Dec 30, 1994, Schemes IV & V 6.402pc. Finance House Base Rate 6 1/2pc from Jan 1, 1995

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.93	92.89	-0.01	92.95	92.86	28644	91131
Jun	92.22	92.19	+0.01	92.23	92.15	16830	68769
Sep	91.70	91.68	+0.02	91.71	91.65	5509	59254
Dec	91.33	91.34	+0.04	91.35	91.29	5201	45852

Also traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9275	0.28	0.15	0.13	0.14	0.71	1.20
9300	0.14	0.09	0.08	0.25	0.90	1.40
9325	0.08	0.05	0.05	0.42	1.11	1.62

Est. vol. total, Calls 8625 Puts 7218. Previous day's open int. Calls 98095 Puts 93762

EMS EUROPEAN CURRENCY UNIT RATES

Jan 12	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.19672	2.12822	-0.00256	-3.12	10.77	-
Belgium	40.2123	39.5845	-0.0497	-2.60	10.41	20
Germany	1.94964	1.89800	-0.00184	-2.64	10.23	-
Austria	13.7167	13.3359	-0.01390	-2.63	10.21	-
Ireland	0.808628	0.801225	+0.001871	-0.92	8.31	5
France	6.53883	6.55930	+0.00045	0.31	6.98	-3
Denmark	7.43679	7.48913	+0.00072	0.69	6.56	-5
Portugal	192.854	195.986	+0.2	1.63	5.60	-11
Spain	154.250	165.534	+0.778	7.32	0.00	-51
NON ERM MEMBERS						
Greece	264.513	295.189	-0.1	11.60	-3.84	-
Italy	1793.19	2007.81	-1.6	11.97	-4.16	-
UK	0.786749	0.793051	+0.002492	0.80	6.46	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.

(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
1.500	-	6.93	6.21	-	0.02	0.25
1.525	4.50	3.78	4.17	-	0.25	0.66
1.550	1.11	1.95	2.54	0.17	0.87	1.48
1.575	-	0.77	1.36	1.37	2.17	2.72
1.600	-	0.22	0.64	3.79	4.08	4.48
1.625	-	0.05	0.25	6.29	6.35	6.57

Previous day's vol., Calls 4,092 Puts 13,867. Prev. day's open int., Calls 229,547 Puts 265,243

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.12	93.13	+0.02	93.17	93.11	185,925	481,605
Jun	92.38	92.39	+0.01	92.44	92.38	179,081	390,000
Sep	91.96	91.94	-	92.01	91.93	95,402	285,743

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	93.85	93.79	-0.01	93.85	93.78	3,189	12,477
Jun	93.15	93.08	+0.01	93.15	93.08	1,217	4,219
Sep	92.71	92.63	-0.01	92.71	92.63	398	1,579

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	CALLS Jun	PUTS Jan	PUTS Feb	PUTS Mar	PUTS Jun
9450	0.14	0.18	0.21	0.13	0.01	0.05	0.08	0.45
9475	0.01	0.05	0.07	0.05	0.13	0.17	0.19	0.63
9500	0	0.01	0.02	0.02	0.37	0.38	0.39	0.85

Est. vol. total, Calls 8508 Puts 6375. Previous day's open int., Calls 148534 Puts 174352

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9550	0.23	0.18	0.15	0.07	0.33	0.59
9575	0.09	0.08	0.08	0.18	0.49	0.77
9600	0.03	0.03	0.05	0.37	0.69	0.98

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1395 Puts 1665

BASE LENDING RATES

	%		%		%
Adam & Company	6.25	Duncan Lawrie	6.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	9
Allied Trust Bank	6.25	Exeter Bank Limited	7.25	Royal Bk of Scotland	6.25
AIB Bank	6.25	Financial & Gen Bank	6.5	Singer & Friedlander	6.25
●Henry Ansbacher	6.25	●Robert Fleming & Co	6.25	●Smith & Williamson Secs.	6.25
Bank of Baroda	6.25	Girobank	6.25	TSB	6.25
Banco Bilbao Vizcaya	6.25	●Guinness Mahon	6.25	●United Bk of Kuwait	6.25
Bank of Cyprus	6.25	Habib Bank AG Zurich	6.25	Unity Trust Bank Plc	6.25
Bank of Ireland	6.25	●Hambros Bank	6.25	Western Trust	6.25
Bank of India	6.25	Heritable & Gen Inv Bk	6.25	Whiteaway Laidlaw	6.25
Bank of Scotland	6.25	●Hill Samuel	6.25	Yorkshire Bank	6.25
Barclays Bank	6.25	C. Hoare & Co	6.25	● Members of London Investment Banking Association	
Brit Bk of Mid East	6.25	Hongkong & Shanghai	6.25	* In administration	
●Brown Shipley & Co Ltd	6.25	Julian Hodge Bank	6.25		
Citibank NA	6.25	●Leopold Joseph & Sons	6.25		
Clydesdale Bank	6.25	Lloyds Bank	6.25		
The Co-operative Bank	6.25	Meghraj Bank Ltd	6.25		
Coutts & Co	6.25	Midland Bank	6.25		
Credit Lyonnais	6.25	* Mount Banking	6.25		
Cyprus Popular Bank	6.25	NatWestminster	6.25		
		●Rea Brothers	6.25		

GARTMORE JAPAN WARRANT FUND
Société d'Investissement à Capital Variable
39, Allée Scheffer
L - 2520 Luxembourg
RC Luxembourg B 23.663

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Shareholders of GARTMORE JAPAN WARRANT FUND are hereby convened to attend the Annual General Meeting of Shareholders to be held at the registered office of the Company on February 3, 1995 at 11.30 a.m. with the following Agenda:

1. Reports of the Chairman of the Board of Directors and the Independent Auditor.
2. Approval of the Statement of Net Assets as at September 30, 1994, and the Statement of Operations for the year ended September 30, 1994.
3. Appropriation of net results.
4. Discharge of the Directors and the Independent Auditor in respect of the carrying out of their duties during the financial year ended September 30, 1994.
5. Re-election of the Directors to serve until the next Annual General Meeting in 1996 (ratification of the cooptation dated June 13, 1994 of Mrs Agnès Laruelle as Director of the Sicav in replacement of Mr Pierre Delandmeter resigning and ratification of the cooptation dated August 31, 1994 of Mr Andrew Fleming as Director of the Sicav in replacement of Mr Bruce Seton resigning).
6. Re-election of the Independent Auditor to serve until the next Annual General Meeting in 1996.
7. Miscellaneous

Decisions on the above items require no quorum and may be passed by a simple majority of the votes present or represented.

The holders of bearer shares should deposit their shares at least five clear days in advance of the meeting at Banque Indosuez Luxembourg, 39, Allée Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg.

By order of the Board of Directors

WORLD STOCK MARKETS

EUROPE

PACIFIC

NORTH AMERICA

AFRICA

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1994/95, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, January 12, 1995

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Joyo Bank	13.0m	811	-17	Sumitomo Mtl Min	3.5m	926	+19
Chiba Bank	6.2m	885	-10	Mitsubishi Oil	3.5m	917	-14
Nippon Paint	6.0m	733	-22	Mitsubishi Hvy	3.4m	728	-10
Gunma Bank	5.0m	1070	-30	Oki Electric	3.2m	661	-21
Sumitomo Mtl Ind	3.7m	319	-4	Honshu Paper	2.9m	707	-1

INDICES

US INDICES

Dow Jones	Jan 11	Jan 10	Jan 9	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Industrials	3862.03	3866.74	3861.35	3978.36 (31/1/94)	3593.35 (4/4/94)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	93.96	94.04	93.85	105.61 (21/1/94)	93.56 (30/12/94)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1507.66	1501.49	1505.56	1862.29 (2/2/94)	1371.89 (13/12/94)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	183.23	184.09	183.83	227.08 (3/1/94)	173.94 (22/11/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3899.71 (3912.49) Low 3824.86 (3844.87) (Theoretical♦)
Day's high 3882.89 (3896.70) Low 3840.16 (3862.03) (Actual♦)

Standard and Poors	Jan 11	Jan 10	Jan 9	1994/5 High	1994/5 Low	Since compilation High	Since compilation Low
Composite ‡	461.66	461.68	460.83	482.00 (2/2/94)	438.92 (4/4/94)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	549.22	549.05	547.82	583.10 (28/10/94)	510.05 (21/4/94)	583.10 (28/10/94)	3.62 (21/6/32)
Financial	42.21	42.27	42.16	46.94 (14/6/94)	39.87 (22/11/94)	48.49 (28/8/93)	8.64 (1/10/74)
NYSE Comp.	251.72	251.69	251.58	267.71 (2/2/94)	243.14 (4/4/94)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	434.66	434.49	434.17	487.89 (2/2/94)	420.23 (13/12/94)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	755.74	756.52	752.09	803.93 (18/3/94)	693.79 (24/6/94)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Jan 6	Dec 30	Dec 23	Year ago
Dow Jones Ind. Div. Yield	2.76	2.79	2.78	2.65
	Jan 11	Jan 4	Dec 28	Year ago
S & P Ind. Div. yield	2.44	2.45	2.44	2.40
S & P Ind. P/E ratio	18.76	18.71	18.76	27.43

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	464.40	463.90	-0.55	465.05	463.60	81,178	200,977
Jun	-	467.90	-	-	467.80	796	9,473
Sep	-	473.95	+0.30	-	-	220	2,634

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Telefonos	18,594,700	35¼	+1⅞
Citicorp	6,783,900	40½	-1¼
Grupo Tel	5,356,800	24¾	+3
YPF Soc	4,724,500	21⅝	+1¾
RJR Nabisco	4,124,600	5¾	———
Empress	3,939,800	10⅛	+½
Pet Inc	3,737,800	25½	———
Amer Barrick	3,297,800	22¼	+1¼
Grupo Trib	3,230,200	11⅝	+1⅝
Pepsico	2,935,900	34⅛	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Jan 11	Jan 10	Jan 9
New York SE	346.279	351.267	278.718
Amex	23.768	22.104	18.957
NASDAQ	300.734	324.549	245.055
NYSE			
Issues Traded	2,930	2,947	2,819
Rises	1,054	1,448	1,180
Falls	1,160	1,131	1,007
Unchanged	716	670	732
New Highs	24	60	29
New Lows	99	118	60

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	1860.0	1852.0	-2.0	1870.0	1843.0	18,802	23,275
Feb	1869.5	1861.5	-2.0	1878.0	1858.0	1,220	1,982
Mar	1878.0	1870.0	-2.0	1878.0	1878.0	26	20,655

Open interest figures for previous day.

** Sat Jan 7: Taiwan Weighted Price 6915.40; Korea Comp Ex 958.90. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEO Overall; Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jan 12 - 2059.66 -2.08.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

4 pm close January 12

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1994/95 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
17 3/8	11 7/8	AAR	0.48	3.6	24	238	13 5/8	13 1/4	13 3/8	-1/8
19 7/8	12 5/8	A L Labs A	0.18	0.9	45	308	u19 7/8	18 1/2	19 7/8	
79 3/8	57 5/8	AMP	1.68	2.3	22	787	74	73 1/4	74	
72 3/4	48 1/8	AMR			121	3806	57 1/8	55 5/8	57	+1
56 1/8	38 5/8	ASA	2.00	4.4	30	1616	46 3/8	45 1/8	45 1/2	+1/4
33 7/8	25 1/8	AbbtL	0.76	2.4	17	7299	31 5/8	31 1/4	31 5/8	+1/8
15 1/4	11 3/8	Abitibi Pr	0.50	3.7	12	125	13 5/8	13 1/2	13 1/2	-1/8
23 7/8	17 3/4	ABM Ind	0.60	2.7	13	20	22 5/8	22 5/8	22 5/8	
18	11 1/2	Acpimcein			12	695	16 1/8	15 3/4	16	-1/8
37	20 3/4	ACE Ltd	0.44	1.9	23	861	22 7/8	22 5/8	22 5/8	-1/4
12 1/2	9	ACM Gvt In x	1.09	11.7	8	189	9 1/2	9 3/8	9 3/8	
10 1/2	6 7/8	ACM GvOpp	0.80	11.2		43	7 3/8	7 1/8	7 1/8	-1/4
10 5/8	6 1/4	ACM Gvt Sp x	0.96	13.5		407	7 1/4	7 1/8	7 1/8	
12	7 5/8	ACM Gvt Se x	1.09	13.7		188	8 1/4	8	8	-1/8
11 3/4	7 3/8	ACM Man x	1.08	13.1		204	8 1/4	8 1/4	8 1/4	
9 1/4	7 1/4	ACM Mncpl x	0.72	9.8		82	7 1/4	d7 1/4	7 1/4	-1/8
15 1/2	8 3/4	AcmeClv	0.44	4.0	22	65	11 1/4	11 1/2	11 1/8	
18 1/2	6 1/2	Acme Elect			16	785	u16 1/2	15 1/4	15 7/8	+7/8
33 1/2	23	Acordia	0.60	1.8	16	37	33 3/8	33 1/8	33 1/8	-1/4
13 3/4	5 3/4	Actava	0.36	4.1	2	86	9	8 7/8	8 7/8	
18 7/8	11 1/4	Acuson			28	941	16	15 3/8	15 7/8	+1/2
18 3/8	15 1/2	Adams Expr	0.68	4.3	0	149	15 7/8	15 3/4	15 7/8	+1/8
64	46 1/2	Ad Micro	3.00	4.7		2014	u64	60 3/4	63 1/2	+5 1/8
31 7/8	16 3/4	AdvMic	3.00	9.5	94	7056	u31 7/8	30 1/4	31 5/8	+3
6 7/8	5	Advest Grp	0.16	3.2	14	101	5	d5	5	-1/8
20	15	Advo Inc	0.10	0.6	16	53	17 3/4	17 1/4	17 1/2	-1/8
65 3/4	49 3/8	Aegon ADR	1.47	2.2	12	11	u65 3/4	65 1/2	65 5/8	-1/8
65 3/4	42 1/4	AetnaL	2.76	5.5	6	4063	49 7/8	48 1/4	49 7/8	+1 5/8
36 1/2	25 1/4	Aflac	0.46	1.4	11	1679	32 5/8	32 1/8	32 5/8	+3/8
22 3/4	15 3/4	Ahmnsn	0.88	5.3	9	1988	16 5/8	16 3/8	16 1/2	
4	1	Aileen Inc			0	41	1 1/4	1 1/8	1 1/4	
50 3/8	38 7/8	AirPrC	0.98	2.2	21	1375	45 1/2	45	45 1/4	
39 7/8	18	Airbne Frt	0.30	1.4	10	252	21 3/8	21 1/8	21 3/8	+1/8
29 7/8	19 5/8	Airgas Inc			24	1011	20 3/8	d19 5/8	19 3/4	-1/2
17	10 7/8	Airlease	1.88	13.3	10	27	14 3/8	14 1/8	14 1/8	-1/8
30 5/8	21 3/8	AirTch			126	2898	29 3/8	29	29	-1/2
18 7/8	13 1/8	Alaska Air	0.20	1.3	27	665	15	14 3/4	15	
21 1/4	16 1/8	Albany Int	0.35	1.8	25	23	19 1/8	19	19 1/8	+1/8
17 5/8	13	Alberto	0.20	1.4	18	351	14 1/8	13 3/4	13 7/8	-1/8
27 3/8	19 3/8	AlbCulB	0.28	1.1	18	213	26 5/8	26 1/4	26 5/8	+1/4
24 7/8	17 3/4	AlCulvr A	0.28	1.2	17	60	23 7/8	23 1/8	23 3/8	-1/2
30 7/8	25 1/8	Albtsn	0.44	1.5	18	1001	30	29 3/4	29 7/8	+1/8
28 1/8	19 3/4	AlcnAl	0.30	1.1	378	1688	26 3/8	26 1/8	26 3/8	+1/8
65 1/2	49 1/2	AlcoSt	1.04	1.6	58	1828	64	63 1/2	63 7/8	
30 3/8	23 1/4	AlexBrown	0.70	2.3	5	68	30 1/4	30	30 1/8	-1/4
22 3/4	14	AlexAl	0.10	0.5	148	174	19 3/8	18 7/8	19 1/4	+1/8
24 7/8	17	Allegh Lud	0.48	2.4	82	1112	20	19 5/8	19 7/8	
26 1/2	19 3/4	AllegP	1.64	7.5	11	1640	22	21 7/8	22	+1/8
25 5/8	13 1/2	Allen Grp	0.20	0.9	20	257	23	22 3/8	22 7/8	-1/8
30 3/4	20	Allergan	0.44	1.6	16	2106	27 1/2	27	27	-1/4
4 1/8	1/2	Alliton			0	305	1/2	d1/2	1/2	
27 1/8	16 1/2	Allnce Cap	1.64	9.2	10	89	17 3/4	17 5/8	17 3/4	

[illegible]

Continued on next page

4 pm close January 12

NYSE COMPOSITE PRICES

Continued from previous page

1994/95 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
17⅞	12⅛	SFeBd			26	14440	12¾	d12⅛	12¼	
34⅝	30⅛	SFePPipe	2.80	8.3	9	118	u34⅝	33¾	33¾	-⅛
25¼	12⅛	SanFeP	0.10	0.6	14	22654	17¾	17⅜	17½	-⅛
26⅛	19⅜	SaraLee	0.68	2.7	55	6155	25⅝	25¼	25½	-⅛
50⅛	41	Scana Corp	2.82	6.6	12	87	42⅝	42½	42⅝	
20½	12½	Scecrp	1.00	6.7	9	8959	15⅛	14⅞	15	
45½	31¾	SchererRP			28	440	42¾	42⅜	42½	-¼
75⅞	64½	SchrPl	2.04	2.8	15	2640	72½	71⅜	71⅝	-¾
53	50	Schlmb	1.20	2.4	24	4136	51	50½	51	
37	23¾	Schwab(C)	0.28	0.8	16	617	35⅝	35⅛	35⅝	
10½	6⅛	Schwitzer			7	19	8	8	8	
22¾	12½	SciAtl	0.06	0.3	36	1605	20	19⅜	19⅝	-¼
18¼	13	Scotsman	0.10	0.6	12	102	17½	16⅞	17½	+½
70⅝	37¼	ScottP	0.80	1.1	21	1044	70	69¾	70	+⅛
20⅝	18½	ScuddrNAmF	0.02	0.1		129	19¾	19½	19½	-⅛
12⅝	8¾	ScuddrNEuF	0.16	1.8		189	9	8⅞	9	+⅛
18¼	12	SeaCoB	0.70	4.7	8	12	14¾	14¾	14¾	
16½	14¼	SeaC1.4625	1.46	9.7		z100	15⅛	15⅛	15⅛	
26⅜	22⅞	S'gate			8	12703	u26⅜	24⅝	25⅝	-1⅜
32⅝	20¼	Seagrm	0.60	2.0	14	1154	29¾	29⅜	29⅝	-⅛
29¾	17½	Seagull En			30	810	17⅞	d17½	17¾	-⅛
37⅞	26⅝	Sealed Air			22	371	u37⅞	36⅞	37⅝	+⅝
55⅛	42⅛	SearsR	1.60	3.3	14	7674	48	47¾	48	
13¾	9¾	Seligm Sel	0.84	7.5		200	11¼	11	11¼	+⅛
39¼	26	Sensormat	0.22	0.7	26	12234	33⅞	30⅝	31¾	-2⅛
39¾	17⅞	SequaA	0.60	2.7	8	15	22½	22⅛	22½	+⅛
40¼	21	SequaB	0.50	2.0	13	10	24¾	24½	24½	-¾
28¼	22½	ServCp	0.42	1.5	19	3021	u28¼	27⅞	28	
28⅜	21½	SrvMstr	0.92	4.1	13	449	23⅛	22⅝	22⅝	-⅝
25	12⅞	Shaw Ind	0.22	1.5	16	4038	14⅞	14⅝	14¾	-⅛

1994/95 High	Low	Stock	Div	Yld. %	P/E	Sls 100s
19⅛	10½	Tandem			11	2386
50⅝	30¾	Tandy	0.72	1.5	19	2834
12¼	7⅞	Taurus Mun	0.70	7.6		12
4	2	TCCInd			39	434
22⅝	18⅛	Teco Energ	1.01	5.0	14	694
40½	23⅝	Tktrnx	0.60	1.7	14	595
29⅝	23⅛	TeleDa			2	2056
26⅝	14¼	Teldyn	0.80	3.8	124	871
48⅛	33¼	TeleEspSA	1.69	5.0	6	3728
76	34¼	Telmex	1.51	4.2		614022
58⅜	43	Tmplnl	1.08	2.2	30	2160
30⅝	18	TempltEmMk	0.10	0.5		331
8⅜	6¼	TempltGlob	0.60	9.1		165
8	6¼	TempltGlFd x	0.60	9.2		1297
58¼	37	Tnneco	1.60	3.7	13	5189
30	25¼	Teppco Pts	2.40	8.8	8	116
35	20⅜	Teradyne			20	820
9⅞	4¼	Terex	0.06	0.9	0	96
13⅛	5⅞	Terra Inds	0.08	0.7	22	4478
12⅞	5¼	Tesoro			7	147
68⅛	58⅛	Texaco	3.20	5.3	18	4762
39¾	29½	Texas Ind	0.20	0.6	9	424
89½	61	TxInst	1.00	1.3	11	5938
22⅛	17⅞	Texas Pac	0.40	2.2	13	8
49⅛	29⅝	TxUtil	3.08	9.3	14	2971
4⅜	2⅜	Textil Inds	1.10	46.3	2	15
60⅝	48½	Textrn	1.40	2.8	10	810
4¾	3⅜	Thackeray			212	6
24¼	14¾	Thai Cap	0.35	2.2		421
36½	20⅞	Thai Fund	0.07	0.3		1186
47⅞	36	ThermoElec	0.12	0.3	23	1064
29	22¾	Thiokol	0.88	2.4	9	275
71¼	58⅛	TmBett	2.24	3.3	20	49

- V -

- W -

- X - Y - Z -

1994/95 High	Low	Stock	Div	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chge Prev. Close
5½	1	Zapata	0.14	3.7	72	302	3¾	3⅝	3¾	
14⅛	7	ZnthEl			8	4141	11	10½	11	+⅝
27⅜	20⅝	Zenith Nat	1.00	4.6	10	30	21⅞	21⅝	21¾	-⅛
7⅞	6	Zenix Inc	0.83	13.0		126	6⅜	6¼	6⅜	
16⅜	11⅜	Zero	0.40	3.1	14	22	12¾	12⅝	12¾	
29¾	16⅞	Zurn Ind	0.88	4.7	629	80	19⅛	18¾	18⅞	+⅛
13⅞	10⅛	Zweig Fund	1.04	9.5		245	11	10⅞	11	
10¾	7¾	Zweig Totl	0.84	9.9		268	8½	8¼	8½	+⅛

Price data supplied by Telekurs

Yearly highs and lows for NYSE reflect the period from Jan 1 1994. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also extras. b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4 pm close January 12

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G	0.10	7	4320	12¼	11⅝	11¾	
Penini	0.90	16	51	9⅝	9⅝	9⅝	-⅛
Pittway A	0.50	65	17	39¼	39½	39½	+⅛

NASDAQ NATIONAL MARKET

4 pm close January 12

AMERICA

Latin America firmer as Dow remains flat

Mexico

Equities firmed in midday trading, helped by a rise in Brady bonds and further positive comments from President Bill Clinton of the US.

The IPC index rose by 56.36 or 2.8 per cent to 2,084.23.

Volume remained low at some 12.9m shares valued at 158.5m pesos.

Morgan Stanley strategists, in a research paper written a few days ago, forecast that a rally in Mexico was in prospect. Mr Barton Biggs and Mr Robert Pelosky believed that a trading rally was about to unfold as panic subsided. "Stocks could rise 30 per cent, similar to Turkey's experience when that market rallied 45 per cent after its currency devaluation in early 1994," wrote Mr Pelosky. Mr Biggs added that he guessed that the peso could rally 25 per cent, that some "ravaged stocks could double" and that the emerging market debt index could jump 20 per cent.

Brazil

Stocks in São Paulo were encouraged by the lowering of reserve requirements in the banking sector, and the scrapping of a reserve requirement rule on export finance operations.

The Bovespa index rose 7.6 per cent to 37,641.

● In Argentina the Merval index was up 8.6 per cent at 427.51 by midday as reserve requirements for banks were also reduced, and the government gave another clear signal that it would not devalue.

Wall Street

US shares were mostly flat by early yesterday afternoon after zig-zagging through the morning as investors watched the bond market decline and worried about more interest rate increases from the Federal Reserve, *writes Lisa Bransten in New York.*

By 1 pm, the Dow Jones Industrial Average was down 1.35 at 3,860.68, the Standard & Poor's 500 lost 0.22 at 461.45 and the American Stock Exchange composite fell 0.66 to 433.83. The Nasdaq composite rose 0.78 at 756.52. Trading volume on the NYSE was 177m shares. The market rose slightly at the start, but fell to session lows around midday before bouncing back to end the morning with only modest losses.

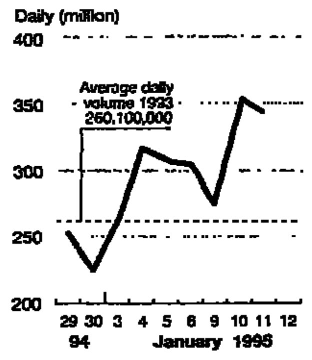
Flanking the volatile stock market were sagging currency and bond markets.

At midday, the 30-year bond was down nearly half a point and the spread between the two-year bond and the long bond had widened to more than 30 basis points, causing the yield curve to steepen.

A steepening yield curve is interpreted as a signal that the bond market expected inflation to erode the value of longer term securities, and stock traders took that to mean that the Fed might act aggressively if, and when, it raised interest rates again. The consensus on Wall Street was that the Fed would raise rates at its January 31 open market committee meeting, but there was debate about how large the increase would be.

In spite of reporting fourth quarter record profits, Citicorp fell $¾ to $39⅞, in part because of fears about the bank's exposure to the battered Latin American financial markets.

NYSE volume



J.P. Morgan, on the other hand, gained $¼ at $56⅞ after reporting a 25 per cent decrease in total revenue for the fourth quarter of last year, above expectations. The gain in the share price was seen as a rebound from losses suffered after the bank had warned of poor results last year.

Xerox rose $3 at $102⅞ after the company said that it would buy 40 per cent of Rank Xerox and that the transaction was expected to increase the US technology company's earnings per share.

An analyst at securities firm Smith Barney upgraded Xerox's rating from "neutral" to "outperform" on the news.

Canada

Toronto was lower in active midday trading, with sharper losses restrained by a surging gold and precious metal shares sector.

The TSE-300 index dropped 15.99 to 4,170.66 by noon in heavy volume of 34.4m shares, with the weakness attributed to a sluggish bond market, dragged down by a weak Canadian dollar.

Of Toronto's 14 sub-indices, only two groups posted gains. Golds and precious metals rose 2.3 per cent in response to a higher bullion price.

Weak sectors included banks, 1.3 per cent lower, after leading banks raised their prime lending rates. Bank of Montreal fell C$⅜ to C$24⅛.

Golds lead S Africa gain

Gold shares posted substantial gains in a recovery from recent lows as bullion passed $380 an ounce late in the day, following a steady rise earlier.

Industrials moved forward towards the close after consolidating around Wednesday's lower closing levels, which reflected concern about emerging markets in the wake of the Mexican crisis.

A decline in the financial rand in the afternoon also offered support to key index linked stocks.

The overall index finished 66.4 better at 5,702, industrials gained 20 at 6,854.8 and golds improved 72.5 or 4 per cent to 1,893.8. De Beers rose a strong R2.25 to R97.25, Anglos was R5 higher at R222 and Minorco collected R2 at R92. Lonrho firmed 25 cents to R10.50 after results.

Rusplats also picked up, by R3 to R97, after recent falls.

EUROPE

KLM's UK roadshow pays share price dividends

A relative lull on the European currency front, although France still had its problems, allowed individual company stories, and broking and corporate seminars, their share of the limelight, *writes Our Markets Staff.*

AMSTERDAM picked out KLM and Philips, both seen as market outperformers in 1995, while the rest of the market remained on the downside and the AEX index slipped 1.31 to 410.42.

KLM, up Fl 1.90 or 4 per cent at Fl 47.20, saw institutional buying following presentations to analysts in the UK over the last two days. The airline had already been attracting support this year, some institutions believing that it had been oversold in the latter half of 1994. Analysts believe that KLM's efforts to cut costs will stand it in good stead as the industry climbs out of recession.

Philips added Fl 1.00 at Fl 53.30 and its Polygram subsidiary Fl 1.60 at Fl 82.30, as the shares continued to attract overseas support.

MADRID enjoyed an interval of comparative stability as FG, the Spanish broking house, brought its roadshow to London yesterday, although the general index went into further intraday losses before closing 0.60 higher at 275.95.

Mr César Molinas, FG's head of macroeconomic research and bond market strategy, stressed once again that the weakness of the peseta, domestic bonds and equity markets was a function of political uncertainty.

If Spain saw general elections in 1995 and a change of government, economic policy was unlikely to change, except marginally to the good. However, FG contended that Mr Felipe González's Socialist party will not be brought to a general election until 1996 and that, in the meantime, there would be gradual depreciation of the peseta.

"In the medium term we are very optimistic about inflation," said Mr Molinas, offering labour market and structural reform, and the Bank of Spain's new independent status, as reasons why prices should be kept in check and why, therefore, FG was hopeful about interest rates in the medium term.

Mr Jacobo Pascual, FG's head of equity research, indicated that the equity market could compensate foreign holders for the currency risk. Spanish company profits were likely to grow another 15 per cent, both this year and next, after 46 per cent in 1994; and a pragmatic target for the general index would be 330 at the end of 1995. If a general election happened this year, he said, that target would rise to 375.

FT-SE Actuaries Share Indices

Jan 12								THE EUROPEAN SERIES
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	
FT-SE Eurotrack 100	1317.25	1318.76	1317.15	1315.93	1315.39	1313.85	1308.95	1308.65
FT-SE Eurotrack 200	1376.80	1378.26	1377.24	1375.16	1374.07	1373.15	1368.67	1368.44

	Jan 11	Jan 10	Jan 9	Jan 6	Jan 5
FT-SE Eurotrack 100	1314.96	1312.88	1323.64	1327.39	1328.95
FT-SE Eurotrack 200	1377.57	1373.53	1380.11	1384.14	1379.66

Base 1000 [illegible] High/day: 100 - 1318.82; 200 - 1378.57 Low/day: 100 - 1307.28 200 - 1368.64 † Partial

FRANKFURT picked up some early points, the Dax index rising 10.22 to 2,071.27 on the session; but it lost its way after hours, closing 2.08 lower at 2,059.68.

Turnover, however, rose again, from DM5.2bn to DM5.4bn, and the market kept its appetite for individual situations. Schering putting on a further DM38 to DM1,070 for a two-day advance of DM62, and Lufthansa DM5.20, finishing at DM195.90.

Dealers seemed excited by Schering's claim that its US manufacturing patent for a new variety of the multiple scleroris drug beta interferon could effectively block a major competitor, Biogen, of the US, out of the latter's home market. However, Ms Virginia Pascoe at UBS in London reckoned that there was probably a case for negotiations between the two companies.

Lufthansa, meanwhile, seemed to be rising on the ripples in KLM's wake, said Mr Guy Kekwick, airlines analyst at Lehman Brothers.

PARIS saw the French franc fall to a 13-month low against the D-Mark, and futures were heavily sold. The CAC-40 index lost 5.07 at 1,844.06, off a low of 1,836. Turnover was some FFr2.7bn.

Aside from external factors, investors took advantage of changes to the CAC-40 constituents, due to take effect from February 9, to shift portfolios.

Eurotunnel, no surprise as an entrant in place of Euro Disney, added FFr1.10 or 4.3 per cent at FFr26.80, while the theme park operator dived FFr1.05 or 9.2 per cent to FFr10.35. Among the other predictable changes, Renault and Pinault-Printemps, both in, rose FFr4.80 and FFr28 respectively to FFr174.60 and FFr963, as Casino and CGIP, both out, lost 4.2 per cent and 5.6 per cent respectively to FFr142.80 and FFr1,065.

MILAN was unable to make progress as it awaited President Oscar Luigi Scalfaro's solution to the government crisis. The Comit index eased 1.28 to 624.89.

However, Merrill Lynch raised its market recommendation from underweight to overweight, reflecting increases in its earnings and dividends estimates, an improvement in relative valuations, a reassessment of political risk and a possible closing of the bond spreads between Germany and Italy.

Credito Italiano eased L7 to L1,747 as investors awaited details of a new bid for Credito Romagnolo. Rolo gave up L304 of its recent sharp gains to L19,586.

Pirelli declined L39 to L2,101, with some analysts suggesting that the fall reflected possible arbitrage business with the non-convertible stock.

Telecom Italia fell L39 to L3,896 after the anti-trust authority warned that the state controlled group could not prevent other companies from operating dedicated telephone systems.

ZURICH failed to hold on to most of its early gains, which were a response to firmer bond futures. The SMI index finished 3.5 ahead at 2,600.5, off a high of 2,617.7.

UBS bearers picked up SFr11 to SFr1,051. Kleinwort Benson, which recommended the stock, saw limited further downside from the board's row with Mr Martin Ebner and said that the focus should move back to fundamentals. While admitting that 1994 had been confirmed as a poor year, the prospects for 1995 and 1996 were brighter, said Kleinwort, and justified its target price of SFr1,150.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Baht devaluation rumours cause Bangkok to drop

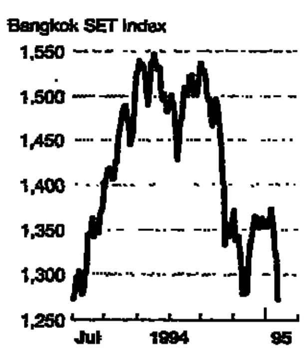
Bangkok

The equity market plunged on rumours that a devaluation of the baht was about to take place, as the local currency was hit by a wave of selling.

The SET index lost 41.35 or 3.1 per cent at 1,273.00 after touching 1,263.78. Turnover was heavy at Bt10.9bn.

An analyst in London said foreign exchange dealers had targeted the currency because Thailand was running a large current account deficit and there was a false perception that the government might act in the same way as the Mexican authorities. But, he added, Thailand's situation was quite different from Mexico – the country could comfortably service the debt, and had large currency reserves and a strong savings ratio.

Thailand



Source: FT Graphite

US emerging market funds, which were facing redemptions because of heavy recent losses in Latin America, were also seen yesterday taking profits in south-east Asia in general and Thailand in particular as they tried to raise cash.

Tokyo

Low volume exacerbated the effects of small-lot stock sales by overseas investors and corporations, and the Nikkei 225 average closed moderately lower, *writes Emiko Terazono in Tokyo.*

The index was off 138.46 at 19,410.01 after fluctuating between 19,344.17 and 19,546.87. Sales of high-technology stocks and chemical shares depressed the index, while prices declined further in the afternoon on corporate and arbitrage linked sales.

Turnover came to 214m shares, against 226m. While some buying was noted, most participants remained inactive as the Nikkei 225 futures index fell on the Singapore International Monetary Exchange. Traders said position adjustments ahead of today's settlement for options had also affected share prices. Dealers and margin traders, who had bought shares on margin six months ago, were also among the sellers.

The Topix index of all first section stocks retreated 11.79 to 1,523.35, while the Nikkei 300 declined 2.41 to 280.61. Losers led gainers by 695 to 246, with 204 issues unchanged. In London the ISE/Nikkei 50 index shed 2.11 to 1,263.05.

The over-the-counter stock market, which has enjoyed a surge in buyers over the past few days, eased on profit-taking. The Nikkei OTC index dipped 4.84 to 1,847.29, its first setback in six trading days.

Sumitomo Chemical dropped Y21 to Y544 on sales by overseas investors, while elsewhere in the weak sector, Mitsubishi Chemical receded Y8 to Y530 and Asahi Chemical Y13 to Y746. Among high-technology shares, NEC weakened Y40 to Y1,110 and Oki Electric was down Y21 to Y661.

Trading houses were lower on selling by domestic institutions and companies trying to realise profits on their equity holdings ahead of the March year-end. Mitsubishi retreated Y40 to Y1,260.

Speculative issues were actively traded. Nippon Paint fell Y22 to Y733 and Honshu Paper lost Y1 at Y707 in spite of buying by individuals who had shifted funds from the OTC market. Regional banks fell on active profit-taking: Joyo Bank, the day's most active issue, slid Y17 to Y811.

In Osaka, the OSE average slipped 137.54 to 21,242.67 in volume of 68.7m shares.

Roundup

Indonesia was also affected by pressure on its currency. Manila was closed to mark the arrival in the country of Pope John Paul.

JAKARTA dropped under the influence of currency speculators, the official index finishing 8.71 or 1.8 per cent off at 452.69.

HONG KONG closed modestly higher in less volatile conditions than those seen in the previous two days, although sharp morning gains were mostly pared after another day of futures-led trade.

The Hang Seng index was finally up 25.30 at 7,418.05 after a day's high of 7,527.05, in turnover that shrank to HK$2.7bn from Wednesday's HK$4.5bn.

Reports that the Hong Kong Monetary Authority withdrew HK3.7bn from its exchange fund to support the weakening local dollar was said to have had negligible impact on equities, and in subsequent London trading the indicative index slipped 39 to 7,379.

In the domestic market, the day's buying concentrated on major index stocks, with HSBC holding steady at HK$78.75, Hong Kong Telecom up 20 cents to HK$13.65 and Sun Hung Kai Properties ahead 70 cents at HK$38.80.

SINGAPORE was let down by a weak property sector and the Straits Times Industrial index shed 43.33 or 2 per cent to 2,102.36.

Selling in property shares was widespread after news of low prices fetched by the government in the year's first land auction. City Development fell 30 cents to S$7.10 and DBS Land 30 cents to S$3.82.

KUALA LUMPUR was weak as a lack of buying, and foreign redemption, continued to pull the market down. The composite index finished 10.26 or 1.1 per cent lower at 915.24.

Brokers said that volatility on the New York and Hong Kong markets and US interest rate concerns were also affecting confidence.

SEOUL's composite index regained the 1,000-point level, although further selling of blue chips and financials eroded most early gains. The index closed a net 1.69 ahead at 1,000.77, off a day's high of 1,011.13.

Among gaining primary blue chips, Samsung Electronics added Won2,400 at Won98,900 and Korea Mobile Telecom Won10,000 at Won420,000.

TAIPEI finished 2.5 per cent lower on widespread selling as bearish sentiment spread through the market. The weighted index was down 167.74 or 2.5 per cent to 6,609.50, after a low of 6,571.93, in thin turnover of T$56bn.

Brokers said that the introduction of new rules from February 4 to restructure payment procedures in an effort to reduce speculation had contributed to the downturn.

The regulations would mean that stocks would not be delivered to investors before they were paid for, reversing the current system. Defaults on stocks had amounted to T$946m so far this week.

The market's decline came in spite of forecasts that the country's GDP growth would be 6.49 per cent in 1995, against an estimated 6.42 per cent in 1994.

BOMBAY fell as retail investors sold positions, and the BSE 30 index ended 28.01 or 0.8 per cent off at 3,574.90.

Brokers said that a lack of liquidity on the last day of the current account period was another contributory factor behind the lack of support.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 11 1995								TUESDAY JANUARY 10 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (68)	166.28	0.7	158.00	104.97	132.74	143.87	0.4	4.01	165.21	156.99	104.71	131.77	143.30	189.15	161.21	172.37
Austria (16)	180.86	0.5	171.85	114.17	144.36	144.29	0.4	1.13	180.00	171.04	114.06	143.56	143.75	198.89	167.46	189.61
Belgium (35)	168.08	-0.1	159.70	106.10	134.16	131.17	-0.1	4.21	168.20	159.82	106.59	134.15	131.32	177.04	160.76	164.79
Brazil (28)	130.27	5.2	123.78	82.24	103.98	204.29	5.6	1.10	123.80	117.63	78.46	98.73	193.46	-	-	-
Canada (103)	128.09	0.1	121.70	80.86	102.24	131.08	0.0	2.63	127.96	121.58	81.09	102.05	131.04	145.31	120.54	140.42
Denmark (33)	254.21	-0.3	241.55	160.48	202.92	209.41	-0.2	1.42	255.05	242.35	161.64	203.42	209.82	275.79	236.61	260.46
Finland (24)	193.68	-1.1	184.03	122.27	154.60	192.77	-1.6	0.72	195.86	186.10	124.13	156.21	195.85	201.41	133.88	135.87
France (102)	161.88	-0.4	153.79	102.18	129.20	134.71	-0.4	3.19	162.66	154.46	103.02	129.64	135.22	185.37	159.34	182.15
Germany (58)	141.31	0.3	134.27	89.21	112.80	112.80	0.4	1.84	140.92	133.90	89.31	112.39	112.39	150.40	128.37	138.23
Hong Kong (56)	293.19	-1.7	278.59	185.09	234.04	292.32	-1.7	4.26	298.33	283.47	189.07	237.94	297.25	493.01	233.19	461.43
Ireland (16)	210.02	0.0	199.56	132.59	167.65	191.53	0.2	3.33	210.01	199.55	133.10	167.50	191.22	216.60	177.56	199.20
Italy (59)	73.39	0.6	69.74	46.33	58.59	89.20	0.7	1.77	72.98	69.35	46.25	58.21	88.57	97.78	66.84	67.25
Japan (484)	154.46	0.9	146.77	97.51	123.30	97.51	0.5	0.78	153.08	145.46	97.02	122.09	97.02	170.10	134.21	134.21
Malaysia (97)	447.56	-0.4	425.27	282.54	357.27	440.23	-0.4	1.91	449.21	426.84	284.70	358.28	441.83	594.76	430.71	535.22
Mexico (18)	1081.07	5.1	1027.22	682.47	862.94	6648.67	2.8	1.54	1028.59	977.35	651.87	820.36	6466.49	2647.08	1028.59	2270.69
Netherland (19)	216.67	-0.1	205.88	136.79	172.96	170.31	0.0	3.39	216.97	206.16	137.51	173.05	170.38	223.30	191.28	202.33
New Zealand (14)	72.39	1.7	68.79	45.70	57.79	59.98	1.6	4.88	71.20	67.65	45.12	56.79	59.05	77.59	62.05	70.27
Norway (23)	207.84	-0.3	197.49	131.21	165.90	189.94	-0.1	1.74	208.48	198.09	132.13	166.27	190.19	214.65	177.53	191.41
Singapore (44)	357.42	-0.2	339.62	225.64	285.31	238.24	-0.1	1.79	358.19	340.36	227.01	285.69	238.51	401.38	294.66	351.46
South Africa (59)	313.99	-1.2	298.35	198.22	250.64	286.18	-0.6	2.30	317.81	301.98	201.41	253.47	287.83	342.00	205.55	272.93
Spain (38)	124.87	-1.0	118.65	78.83	99.68	126.31	-1.1	4.59	126.14	119.86	79.94	100.61	127.68	155.79	124.87	142.04
Sweden (48)	236.72	0.2	224.93	149.44	188.97	263.04	0.4	1.48	236.19	224.43	149.69	188.38	262.04	242.81	196.70	209.31
Switzerland (47)	165.65	-0.2	157.40	104.56	132.23	132.23	0.0	1.86	166.06	157.79	105.24	132.44	132.28	176.56	149.91	165.07
Thailand (46)	150.10	-0.8	142.62	94.76	119.82	146.28	-0.9	2.60	151.39	143.85	95.94	120.74	147.61	-	-	-
United Kingdom (205)	193.30	-0.3	183.67	122.03	154.30	183.67	-0.3	4.19	193.90	184.24	122.89	154.65	184.24	214.96	181.11	207.51
USA (513)	188.84	0.0	179.43	119.21	150.74	188.84	0.0	2.84	188.92	179.51	119.73	150.67	188.92	198.04	178.95	192.85
Americas (662)	173.96	0.1	165.31	109.83	138.87	145.94	0.1	2.89	173.84	165.18	110.17	138.65	145.86	-	-	-
Europe (723)	167.63	-0.2	159.28	105.82	133.81	149.09	-0.1	3.12	167.93	159.57	106.43	133.94	149.26	178.58	160.59	172.28
Nordic (128)	229.23	-0.1	217.81	144.71	182.98	215.98	-0.1	1.36	229.56	218.13	145.49	183.09	216.20	233.91	197.70	202.29
Pacific Basin (809)	160.59	0.7	152.59	101.38	128.19	105.63	0.4	1.15	159.46	151.52	101.06	127.18	105.25	176.86	145.89	147.69
Euro-Pacific (1532)	163.43	0.3	155.29	103.17	130.45	122.81	0.1	1.99	162.90	154.78	103.24	129.92	122.62	175.14	155.32	157.76
North America (616)	185.07	0.0	175.86	116.84	147.73	184.86	0.0	2.93	185.14	175.91	117.33	147.66	184.93	192.73	175.67	189.59
Europe Ex. UK (518)	150.16	-0.1	142.68	94.79	119.86	128.72	0.0	2.51	150.32	142.83	95.27	119.89	128.75	158.12	144.12	150.17
Pacific Ex. Japan (325)	223.76	-0.4	212.61	141.26	178.62	196.45	-0.5	3.39	224.70	213.51	142.41	179.22	197.37	291.75	223.76	276.19
World Ex. US (1740)	163.87	0.3	155.71	103.45	130.81	126.03	0.2	2.01	163.30	155.16	103.49	130.24	125.80	178.65	157.61	159.95
World Ex. UK (2048)	168.93	0.3	160.52	106.65	134.85	141.37	0.1	2.14	168.49	160.09	106.78	134.37	141.16	179.59	164.27	166.34
World Ex. Japan (1769)	181.87	-0.1	172.81	114.81	145.18	173.23	-0.1	3.00	182.02	172.95	115.35	145.17	173.34	195.20	176.34	190.28
The World Index (2253)	171.08	0.2	162.56	108.00	136.56	145.19	0.1	2.33	170.72	162.22	108.20	136.16	145.04	180.80	166.19	169.92

Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Large organisations continue to find the annual tour of universities useful

'Milk round' still good for creaming talent

The annual beauty contest that represents the first stage of the university milk round – the system used by large employers to recruit graduates – has come to an end. It has reached the point when the roles reverse, and the beauties take their pick of the panel.

The parading organisations – always the large ones which tend to have well established selection methods, often including assessment centres, and structured management development programmes – have completed their presentations to individual universities. Many will have begun sifting through the applications that should have arrived in most cases by the beginning of the year.

The ritual is well rehearsed, but there have been suggestions in the past few years that the format is becoming tired. Also, the number of university visits have dropped.

Some big recruiters of graduates have shut down their central recruiting departments and rely on separate divisions to do their own. Other companies, increasingly cost conscious, have become more selective, visiting only those universities which have supplied good candidates in the past.

Are graduates themselves becoming disillusioned by the slick presentations and brochures that big companies produce to convince potential applications that their's is the golden career opportunity?

The new graduate salaries and vacancies report produced by the Association of Graduate Recruiters found evidence of some emerging dissatisfaction. Employers were saying they were not impressed by the overall calibre of graduates. Too many of them, they said, lacked communications skills, business sense and the ability to work in a team.

How much, if at all, are attitudes among graduates themselves changing? Fed partly by information from university careers officers, students have begun to accept the notion that the job for life has gone. Some university careers officers report students growing suspicious of company presentations that stress formal career patterns.

Research carried out by David Cannon of PRL Consultancy of Cambridge paints today's graduates as a clued-up, assertive group with little belief in lifelong careers, who want interesting, varied, demanding jobs from day one.

He says that the essential missing ingredient in the new generation of young people is trust. He describes them as pragmatic, determined to look after themselves and more assertive with their seniors.

In one piece of research, he gave graduates various statements that outlined possible career expectations and asked them to list various levels of agreement or disagreement. A large proportion – some 70 per cent – said they could not expect employers to deliver a job for life. Their expectations of future promotion and high pay were less well defined, but they were much more sure of their desire for acquiring marketable transferable skills.

Asked to guess the number one complaint of graduates in the first part of their careers, the biggest choice of students was that the work lacked variety and intellectual challenge.

They did not expect too many complaints about low pay, where they worked or the inspiration of colleagues. Neither did they seem to believe there would be many great worries about a too slow rate of promotion. There was a clear divergence between what students and company managers thought. Managements thought lack of promotion opportunities would be a much greater concern among graduates.

It appeared, therefore, that money and promotion were not a great concern. The greatest concern seemed to be the content of the job.

"It's not as if young people are against things such as money and security. They will tick the boxes. But if you talk to them in depth you realise they are fairly unconvinced that organisations can deliver that. They are mistrustful," said Cannon of PRL.

"This is the first generation that has had quite a few dads and some mums who have lost their jobs. It hasn't happened before to the extent that it has now."

Cannon's research does not attract wholehearted agreement. Michael Day, a careers adviser at Oxford University Careers Service, warns against reading too much into such findings or using them to undermine the milk round system, which, he insists, still works very well.

Asked if approaches and attitudes among employers and graduates were changing, he said: "I don't detect any fundamental change. A lot of companies are still serious about their recruitment programmes and a lot of graduates are very serious about their careers and it works well." Neither did he detect any shortage of graduates who want to be rich. The queues for the investment banks, he said, were still substantial.

Day also criticised the "received wisdom" that suggests there are no longer jobs for life. "There are large numbers of companies that still expect people to stay with them," he said.

If anything, he argued, the milk round had become more important. The proof may be in the growing number of graduate recruits, although it has been suggested that medium and small companies which cannot afford the expense of the milk round are accounting for much of the increase.

Perhaps the most important message for recruiters is that if they do not have well thought out graduate development programmes, it is about time they did.

● A study by Sundridge Park Management Centre, published at last week's British Psychological Society's Occupational Psychology Conference in Warwick, suggests many employees in financial institutions have been bedding down over the past few years, spending more time in their jobs than any other stage of their career as they came to terms with flatter company structures.

A similar picture of disillusionment and low morale in the workplace emerged in other research carried out by Roffey Park Management Institute. It put most of the blame for this on flatter company structures.

The Sundridge researchers suggested that they needed to think carefully about employee communications while Roffey Park put the onus on better support and training for individuals who might be expected to take more responsibility in their jobs than previously.

One way that some companies are dealing with employees who have lost their way in the workplace is to employ outplacement consultants to carry out career checks.

The idea of career checks is quite familiar to French companies, but less so to those the UK, according to John Woodger, the London-based executive vice-president of international operations at Right Associates, the US outplacement consultant.

The checks typically involve a structured interview designed to find out an individual's career priorities, plus analysis of previous job appraisals and employee wish lists, arriving at a strategic plan for their future career path.

"A report is produced by the employee and ourselves for the employer to act upon. Both the individual and the company get to see it," said Woodger.

Up to now, perhaps the most popular use of career checks is in assessing problems that might be experienced by valued employees whose career has taken a downward turn for some reason, and finding solutions to put their careers back on track. One advantage of the checks, said Woodger, was to identify aspirations or training needs of employees that companies might not have hitherto known about.

"For the first time they get a 360 degree view of themselves which can change their life," he said. Another advantage of such checks for companies which have been undergoing redundancy programmes is to alleviate the problem of demoralisation among those who stay.

This is a common pattern identified among companies that help redundant employees by offering them outplacement programmes.

Richard Donkin

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Our client, one of the country's leading investment management houses, is looking for two experienced managers to join its highly successful fund management group. As one of a team of investment specialists, your contribution will be vital as the group moves into a period of significant growth.

US Fund Manager

As a senior member of the Overseas Fund Management Department, you will be providing US equity management and investment advice. You will also be responsible for achieving excellent investment performance across a diverse range of funds, including unit trusts, pensions and private clients. A mature and experienced manager, you should have a proven track record in managing US equity funds. (Ref: USF 2028/FT.)

Marketing & Sales Manager

Reporting to the Group Marketing Director, you will be responsible for the sales promotion and development of the Fund Management Group. You will be responsible primarily for launching new products and services, and attracting new business for Unit Trusts, Charitable and Pension Funds. You will need a thorough understanding of world investment markets, as well as excellent presentation skills. (Ref: MSM 2028/FT.)

The rewards for both roles are considerable. Starting salaries are backed by extensive benefits including a quality company car, non-contributory pension, family private health insurance, mortgage supplement or allowance, and 26 days' annual holiday.

To apply, please write enclosing full career details, including current salary and benefits, to Media System, Garden House, Cloisters Business Centre, 8 Battersea Park Road, London SW8 4BG. Please quote the appropriate reference on the envelope. Your application will be forwarded directly to our client, unless marked "security check" and noting separately any companies to which it should not be sent.

MEDIA SYSTEM

W A N T E D

INVESTMENT CAREER OPPORTUNITY IN SCOTLAND

Analyst (UK Equities)

THE COMPANY
Based in Perth and one of the UK's major insurance companies, with a branch network throughout the UK, General Accident plc employs around 25,000 people in 45 countries worldwide.

As one of the UK's leading financial institutions, we are major fund managers in our own right with over £7bn of funds under management from Perth.

THE JOB
An excellent opportunity exists for a top quality individual to join the UK equity team. As a minimum requirement applicants should be in the final stages of attaining associate membership of the IIMR, or equivalent, and have 2/3 years direct experience working in an investment environment.

THE BENEFITS
The company offers a first class benefits package which includes performance related pay, subsidised mortgage, profit sharing scheme, non-contributory pension scheme and assistance with relocation expenses where applicable.

The purpose built Head Office further provides excellent working facilities including an extensive sports complex.

Please apply in writing with full Curriculum Vitae and present salary details to:

Doreen Fell
GA Investment Management Services Ltd
Pitheavlis
Perth
Scotland
PH2 0NH

GA
General Accident

Investment Analysts
(Investment Institution)

Gulf Based Excellent Remuneration Package

- *Our client is an investment institution in the Arabian Gulf, with overall responsibility for directing the investment of funds on behalf of the government.*
- *Our client is now seeking to employ two qualified investment professionals for its projects department to assist the institution in the identification of investment projects and acquisition targets and the preparation of detailed viability, pre-acquisition reports and pre-feasibility studies to assist the institution and investment directors in making sound business decisions.*
- *The investment analysts will be expected to play a pro-active role in selecting target companies, projects, and businesses and arrange for and structure deals to optimise the institution's gains, assist in relevant negotiations and train nationals to assume responsible roles on a pre-defined timetable.*
- *The ideal candidates should be aged 30-40 and should have a Master in Business Administration (MBA, specialising in Finance) degree from a recognised university, Chartered Accountant (CA/ACA/CPA) or Chartered Financial Analyst (CFA). Prior work experience as an investment analyst for at least five years in a similar organisation, bank or financial institution is essential. Candidates should be proficient in both Arabic and English languages.*
- *Attractive tax free salary will be paid plus free accommodation, annual return airfare on leave and other associated expatriate benefits.*
- ***Interested candidates should forward their CV together with a recent photograph by the end of January 1995, to Ernst & Young, Executive Recruitment Division, PO Box 136, Abu Dhabi, United Arab Emirates. Fax No. 010 971 2 722968. Only shortlisted candidates will be contacted.***

ERNST & YOUNG

CAPITAL MARKETS ANALYST
c.42k + Benefits

Our client is a prestigious global investment bank. We are looking for an individual who comes from a general banking/capital markets background or very specific exposure to derivatives/securities work in a major accountancy or legal practice. The role is to work alongside the sales group in creating structured products and to ensure that these suit the trading books from the standpoint of credit, use of capital, tax and documentary issues.

Criteria required: Ability to analyse complex securities transactions; credit analysis/accounting training; strong presentation skills; an understanding of documentation issues and will be 24-28.

Please send your CV, in confidence, to Michele MacPherson at the address below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Tel. 071-623 1266 Fax. 071-626 5259 E50005

JONATHAN WREN EXECUTIVE

Budget Controller (réf. BC)
Business Analyst (réf. BA)

A global telecommunications operator experiencing very rapid growth on a worldwide basis, is seeking to fill two *vacant positions within its Financial Division.*

The *Budget Controller will be working directly with the* Budget Control Manager assisting the latter in the preparation of the Corporate Budget and its regular followup. The person chosen will also have to conduct economic and statistical analyses on specific financial subjects.

The Business Analyst will be involved in the financial control of special projects for the introduction of new products. He will also participate in the review of the company's business processes and organizational structures.

The ideal candidates will have the following profile :

3 to 4 years' experience within the Financial department of a major multinational company and/or Management Consultancy firm.

A Master in Business Administration or equivalent. Excellent communication skills are required and the candidate must be completely proficient in both written and spoken English.

Working knowledge of French required, other languages an advantage. Previous experience in conducting meetings and work supervision will be seen as a plus. Strong computer skills.

Some travel will be required.

The company offers the opportunity to evolve within an international and dynamic environment.

Candidates that match the above described profile can submit their CV's to COMMUNIQUE - 50/54 rue de Silly 92513 BOULOGNE-BILLANCOURT Cedex France.
Quoting the appropriate reference on the envelope.

MEDIAPA

CA 071-377 6488

Eurobond Trading (S) £Neg
Several opportunities currently exist within this area with some of our clients – City based banks. Applicants must have a minimum of 3 years' experience in US and/or Can $ trading. Please call Andrew Stone.

Financial Engineering £Neg
Top House based in the City requires an experienced candidate for the above. The successful applicant will be working on the pricing/structuring of structured notes involving exotic derivatives. Please call Andrew Stone for further details.

Fixed Income Sales £Neg
Various leading Banks and Securities Houses are seeking experienced sales people to cover Northern Europe accounts. Multi-product and derivatives experience is essential. Please call Richard Ward.

Fixed Income Sales £Neg
An ongoing interest by Major Banks and Securities Houses for experienced sales people to cover Institutional UK accounts, also central bank coverage required by Top Quality Houses. Please call Richard Ward.

Corporate Finance £Neg
Top UK House requires a qualified accountant between 25-30 for a Pan European role. You must have some experience of Corporate Finance, be conversant with many computer packages and possess modelling skills. A European language would be a strong advantage. Please call Georgina Hutchinson.

Private Banking £Neg
A number of well known Banks are looking for experienced private bankers. Languages and a high net worth client base essential. Please call Georgina Hutchinson.

Pharmaceutical Analysts £Neg
Established Pharmaceutical Analysts with a Pan-European focus are sought by several top Houses. The ideal candidates will have a minimum of 3-5 years' experience. Please contact Stephen Donnellan.

Mining Analysts £Neg
Several Major Institutions seek a Mining Analyst to join their existing teams in providing coverage of this specialised sector. The ideal candidate should be experienced in either the mining industry or mining analysis. Please contact Stephen Donnellan.

ECP Sales £Excellent
Top City Names require CP Sales professionals. A proven track record is essential and a European language can be an advantage. Please call Mark O'Connor.

Money Markets Trader £Neg
An experienced Money Markets trader is sought by a prestigious City Bank. Multi-product (ECP, CD, REPO) experience and a proven track record is required. Please call Mark O'Connor.

Others
FIXED INCOME SALES TO ANYWHERE; EUROPEAN GOVERNMENT TRADING, SWAPS TRADING; SWAPS MARKETING, MTN's; ORIGINATIONS/SYNDICATE; REPO TRADING; EMERGING MARKETS SALES/TRADING; FUTURES SALES; REPO BROKER, GILT TRADING; EQUITY DERIVATIVES SALES/TRADING; EQUITY SALES/ TRADING; UK FUND MANAGEMENT.

For further details please call on 0171-377 6488 or send/fax your CV to us.
All applications are treated in the strictest confidence.
For enquiries outside business hours call 0181-245 0160.

CAMBRIDGE APPOINTMENTS
232 Shoreditch High Street, London E1 6PJ. Fax no. 0171-377 0887

MARKET MAKER
DANISH GOVERNMENT BONDS

Banque Indosuez, Copenhagen Branch expands on the Danish bond market and is willing to strengthen further its Front Office, consisting of 7 persons today. We are looking for an experienced professional who will team up with 2 colleagues and be able to be responsible for Market Making in Danish government bonds and related derivative products. We expect that the candidate has at least 3 years of experience in a similar position. Danish should be the native language.

It will be a major factor that the candidate will fit well into a relatively small group based on personal initiative and responsibility.

We can offer possibilities for personal development in a young organisation with professional and competent colleagues, a good working environment and an attractive remuneration.

Send your CV together with a letter demonstrating why you are suitable for this position to:

Banque Indosuez, Copenhagen Branch
20 Bredgade, 1260 Copenhagen K, Denmark,
att Merete Hyldmar

BANQUE INDOSUEZ
Copenhagen Branch

INVESTMENT MANAGEMENT, SOLICITOR/FOREIGN LAWYER

Cutting-edge investment management firm based in Switzerland seeks solicitor or other qualified lawyer for its London office to have responsibility for the group's legal affairs. The successful candidate will have three to five years' experience with investment management, offshore funds, derivatives and SFA issues and will demonstrate an ability to contribute to marketing activities and new product development. Very attractive compensation package commensurate with experience. Please send cv and salary requirements to Box A5032, Financial Times, One Southwark Bridge, London SE1 9HL.

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone: Joanne Gerard on +44 71 873 4153

RISK MANAGEMENT PROFESSIONAL

LONDON — EXCELLENT PACKAGE

Our client is the wholesale banking arm of a major UK Banking Group. Business areas include liquidity management, wholesale funding, risk management, investment, large ticket leasing and the provision of innovative structured transactions to highly rated borrowers.

The Market Risk area acts both as a control function and as an "internal consultancy" on pricing, hedging and risk management.

Due to the continued expansion of the Treasury division's activities an opportunity currently exists for an experienced *Risk Manager* to join this high profile department.

Responsibilities will include:

- Assessing market risks associated with novel trading strategies and working with dealers to design "value at risk" trading limits
- Working with front office to develop pricing and risk analysis models
- Developing and implementing advanced methods for assessment of counterparty risks on derivatives
- Designing and monitoring systems for market risk reporting of overseas Treasury operations
- Communicating risk management strategy to Treasury management and other internal audiences
- Providing a consultancy service for dealers and product designers

The successful candidate will possess a minimum of three years' experience gained within a Treasury environment. In addition, they will have a strong mathematical/statistical background and will have had exposure to quantitative techniques as applied to the pricing and risk management of Treasury products.

A high level of personal initiative and motivation is required as is the ability to work effectively with both front and back office personnel.

Interested applicants should contact **David Twiddle** at **Robert Walters Associates** on 0171 379 3333. Alternatively fax (0171 915 8714) or send an updated CV to him at **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

AIRCRAFT LEASING/FINANCE

Marketing orientated graduate bankers fluent in French/German for two major Japanese banks based in London covering European cross-border tax based leasing transactions, especially export finance related.

£45-£60,0000

CORPORATE FINANCE MARKETING

Our client seeks a high-calibre graduate banker aged 27-30 years with proven credit/risk assessment skills, plus 2/3 years top level marketing and negotiating experience covering commercial/investment banking products eg treasury lending structured finance etc.

£30-£40,000 + BENS

UK LEASING

Vacancies exist for experienced leasing sales/marketing experts, covering tax based middle ticket (£1M-£10M) and also MSP/Vendor Program specialists.

PACKAGES NEG £30-£45,000 + BENS

CREDIT ANALYSTS

Three international banking vacancies exist for graduate ACIB clearing bankers, aged 24-30 years with in-depth experience of UK/European corporates, financial etc.

£20-£35,000 + BENS

Detailed CVs in confidence to BRIAN GOOCH

OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
65 London Wall, London EC2M 5TU
Tel. 071-588 3991 Fax: 071-588 9012

APICORP

الشركة العربية للاستثمارات البترولية

ARAB PETROLEUM INVESTMENTS CORPORATION

APICORP is an inter-Arab corporation established by the member states of OAPEC to finance and invest in petroleum sector projects. Total assets are approximately U.S.$1000 million. The corporation, based in Al-Khobar, Saudi Arabia, now wishes to appoint to its Project & Trade Finance Group:

SENIOR OFFICER PROJECT AND TRADE FINANCE

with experience, in particular, of:

- Project and/or Trade Financing Structures.
- Medium Term Credit Documentation.
- Syndicated Lending.
- Preparation of papers for Credit Committee consideration.

The candidate, most likely in his mid 30's to early 40's, is expected to be an ambitious graduate, well trained in credit analysis and with appropriate P.C. skills. He should also possess a thorough knowledge of both spoken and written English, while a knowledge of French will be an added advantage.

The candidate, with extensive experience, should already be *working in an international banking environment or, alternatively, in* the Finance Department of an international petroleum company.

The successful candidate will work together with highly qualified and experienced colleagues of different nationalities. He will be offered an exciting and rewarding opportunity to acquire an in-depth knowledge of financing of the petroleum sector.

The appointment will be for an initial 2 year contract, renewable. In addition to the highly competitive tax free salary, there is a comprehensive benefits package which includes free fully-furnished accommodation, transportation and education allowances, medicare, relocation expenses and a contributory retirement fund.

Applications in the strictest confidence may be sent to:

The Administration & Personnel Manager
Arab Petroleum Investments Corporation, P.O. Box 448,
Dhahran Airport 31932, Saudi Arabia

Investment Manager

WITH EXPERTISE IN US EQUITIES

Comprehensive Package — City

The Union Bank of Switzerland in London provides a sophisticated, performance-orientated investment management service to international private clients. The Private Banking Division manages substantial assets on a multi-currency basis and runs a disciplined investment operation, supported by a strong research base.

The person appointed will be one of four Investment Managers responsible for discretionary portfolio management. He or she will manage global balanced and specialist funds, the majority of client portfolios being US$ referenced. He or she will also be the team's resident specialist in US equities and have the self-confidence and experience to lead the US stock selection process.

Candidates should have a minimum of five years' experience in institutional or private client fund management. They should have specialised knowledge of the North American equity markets and be PC literate. Experience of fixed income markets and derivatives would be an advantage.

A comprehensive and highly competitive remuneration package is on offer including an attractive performance-related bonus scheme. The Private Banking Division is enjoying consistent growth thus providing good career opportunities for investment professionals.

For further details please contact our recruitment consultant, in complete confidence, on 0171-834 6886 (fax: 0171-233 5675), or write, enclosing your CV, to:

Anne O'Brien
A T Kearney Ltd
Stockley House
130 Wilton Road
London SW1V 1LQ

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DISTRESSED INVESTING

en rejoignant Cargill, l'un des principaux acteurs de cette activité en plein démarrage, introduite depuis peu en Europe. Notre défi: répondre aux demandes du marché et saisir les opportunités...

Nous sommes l'une des plus importantes sociétés privées mondiales, diversifiée dans la gestion des risques financiers, le négoce des matières premières *agricoles et l'agro alimentaire. Nous générons un* chiffre d'affaires de 70 billions de dollars et employons plus de 70 000 personnes dans le monde.

Notre groupe d'investissements européens, une division du départment des marchés financiers, investit principalement dans des enterprises en difficulté ou dans des actifs en mauvaise position. Ce groupe est d'ores et déjà performant aux Etats-Unis. Il a investit jusqu'à a ce jour plus de 4 billions de dollars aux USA et en Europe. Il vient de s'établir au Royaume-Uni afin d'identifier de nouvelles opportunités d'investissement en Europe.

Nous offrons un environnement stimulant et dynamique à un

ANALYSTE

de langue française, possédant une bonne expérience des marchés financiers français. Son role sera de déterminer et de recommander des investissements d'actifs en mauvaise position financière, c'est à dire identifier des opportunités, réunir les informations nécessaires, projeter des comptes prévisionnels.

Nous souhaitons rencontrer des candidats au fait des concepts de macro-économie, d'analyse industrielle et de corporate finance. Une maitrise de l'analyse financière et de l'outil informatique est un atout, une expérience des actifs en difficulté financière, et des marchés de capitaux est desirée.

CARGILL

Le poste est basé à Cobham, au Sud de Londres et nécessite des déplacements en Europe. *CREATIF - IMAGINATIF - EXCELLENT COMMUNICATEUR ET BON ESPRIT D'EQUIPE.* Alors, écrivez-nous sans tarder en anglais, en joignant votre CV à: Lorraine Wrafter, Cargill PLC, Knowle Hill Park, Fairmile Lane, Cobham, Surrey, KT11 2PD.

Investment Management Co

Private Clients

26/34 — c.£40,000 + Bonus

The house for whom we are retained has the advantage of being concise and focused but, at the same time, backed by one of the world's major Financial Services and Trading Groups, which has exceptional International connections.

The Investment Management company, which is headed by a new Management team and is at an interesting stage of its development, looks after some £500m of funds. A high proportion of this is on the Private Client side and comes from a combination of UK and Offshore based High Net Worth individuals.

The company is inter-connected with the Group's International Trust interests and this business is scheduled to grow dramatically.

We see this as a unique opportunity for a determined Private Client man or woman to take over and develop a range of existing Private Clients, whilst contributing to the development of the business.

Ideally you will be someone who is working with the Private Client department of a leading Merchant Bank or a prestigious Stockbroker. You will probably be a graduate and should be able to evidence success in other fields. A track record of at least five years in Private Client work is vital.

OVERTON SHIRLEY & BARRY

Please write in the first instance to the Company's Adviser, Colin Barry, Overton Shirley & Barry Limited, Prince Rupert House, 64 Queen St., London EC4R 1AD. Tel: 0171-248 0355. Fax: 0171-489 1102.

INTERNATIONAL SEARCH AND SELECTION

The European Patent Office in Munich

wishes to recruit a

Portfolio Manager for its Pension Reserve Fund

The EPO is an international organisation with headquarters in Munich, Germany. In 1984 it set up a Pension Reserve Fund, largely managed internally. Within the small team of the Fund Administration, a new position has been created to take part in the management of the internal portfolio and in the reporting on the Fund's activities.

Requirements University diploma (or equivalent professional experience) and several years of experience in institutional fund management. Specific knowledge of global fixed income markets, familiarity with derivative products and proficiency in financial mathematics. Excellent knowledge of at least one of the working languages of the Office (English, German and French), together with an ability to understand the other two.

Conditions We offer a competitive salary, free from national income tax, comparable to those offered by other international organisations and a comprehensive package of social benefits (health insurance, pension contribution, relocation support, etc.). Recruitment will be for an initial period of five years.

Application Applications, on forms obtainable from the EPO and quoting reference EXT/647, should be addressed to **European Patent Office, Directorate Personnel, Erhardtstrasse 27, D-80298 Munich, Tel.: (89) 2399 4318,** and must be returned completed by 10 February 1995.

London Stockbrokers require 3 TRAINEES for Sales positions. S.F.A. Registered Representatives preferred. Sales training provided. Commitment to hard work and ability to work as part of a team essential. Salary plus commission. **Tel: 071-378 0660 Ext 69**

APPOINTMENTS WANTED

Highly experienced butler and chauffeur seek multi-lingual live in household positions. Prefer working together but separate offers considered. Any location worldwide. Write to **Box A5030, Financial Times, One Southwark Bridge, London SE1 9HL.**

CITY: EUROPEAN GOVERNMENT BONDS

31 year old German - DM/DFL FFR bond dealer for 8 years - looks for a new challenge as senior EGB dealer for a leading investment firm/bank or as senior trader for an innovative fund. Relocation to any financial capital will be considered. Write to: *Box A5031,* Financial Times, One Southwark Bridge, London SE1 9HL.

SENIOR ECONOMIST - LONDON

The WEFA Group is one of the leading providers of consultancy services and economic data to the international business community. Founded in 1963 by Nobel laureate Lawrence Klein, WEFA has earned a worldwide reputation for high quality research and forecasting. The Group is based in Philadelphia with offices in the major European countries.

We are currently seeking a senior economist to strengthen our economics team in London. The candidate must have a sound academic background in quantitative economics and several years of experience, preferably in a business environment. This individual must also possess the ability to write clearly and concisely, have good presentational skills and work under tight deadlines. Fluency in English is required and knowledge of other European languages is highly desirable.

WEFA offers a competitive salary, commensurate with qualifications and experience. Interested candidates are requested to send a detailed CV to:

René van der Putten, WEFA, Mappin House, 4 Winsley Street, London W1N 7AR

MERCURY ASSET MANAGEMENT

Attractive salary + bonus

City

Fund Management : Client Liaison

Mercury Asset Management is Britain's leading investment house with a wide range of institutional and retail clients. They are seeing rapid growth in their services to medium-sized pension funds, both in the UK and offshore. As a result, they are seeking to add an experienced investment professional to the team, capable of handling client meetings, new business presentations and a wide variety of marketing enquiries. This is an excellent opportunity for a confident, well-motivated individual to take on an important and responsible role in a premier investment management group.

THE ROLE

- Attend meetings with institutional clients, reviewing performance and investment strategy.
- Make presentations to potential clients, playing an active part in winning new business.
- Act as the key liaison between clients, consultants and fund managers.

THE QUALIFICATIONS

- Proven experience in fund management, stockbroking or investment consultancy. Sound understanding of investment markets, especially the UK.
- Experienced at giving presentations and conducting client meetings. Capable of developing contacts and initiating new business.
- Professional, mature approach to handling clients' needs. Age will not be a limiting factor.

Mercury Asset Management plc is a member of IMRO

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. F70580151,
16 Connaught Place,
London W2 2ED

Britannia

c. £75,000 + bonus + benefits

Leek, Staffordshire

Treasurer

Challenging role within this top 10 society where assets exceed £13 billion and astute treasury management is seen as central to the continuing success of the business. The Treasurer will take the lead in ensuring that the Society's current and future wholesale funding requirements are met at minimum cost through a diversified range of sources, manage the liquidity portfolio and further develop the risk management expertise within a Treasury operating on the "full approach". Superb development role with excellent career potential.

THE ROLE

- Reporting to the Group Finance Director. Responsible for developing and implementing wholesale funding strategies that are competitive and flexible yet remain within prudential guidelines.
- Establishing close and effective relationships with a large number of banks, rating agencies and other institutions so that the Society has access to the fullest possible range of funding opportunities.
- Pro-actively contributing to new product development by identifying market opportunities and by managing the associated risk.
- Adopting a profit-orientated approach to liquidity management within established risk parameters.

THE QUALIFICATIONS

- Graduate calibre, ACT or ACA, mid to late 30s with a comprehensive understanding of progressive funding techniques and instruments gained within a large and sophisticated treasury operation.
- Detailed knowledge of risk management techniques and their application to product development, ideally within a regulated environment.
- Robust, confident negotiator with excellent communication and presentation skills. Supportive team leader, ambitious to take on a key central role.

Leeds 0532 307774
London 071 493 1238
Manchester 061 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. [illegible],
Adlington Court, Greenwood Business Park,
Styal Road, Manchester M22 5LG

WEST MIDLANDS ENTERPRISE BOARD LIMITED
INVESTMENT EXECUTIVE

WM EB

The WMEB Group has two core businesses; it is a well established provider of development capital to Midlands companies, but it also has a growing economic development consultancy business. Increasingly the blend of skills within the Group as a whole is becoming valuable in developing further business.

Our present need in order to continue the growth achieved during the last 2 years is to recruit one Investment Executive, and possibly a second. He or she will take a full and active part in increasing our deal flow, making new investments and providing added-value in managing our investment portfolio. There will however, also be opportunities to put those investment skills to use in consultancy projects, particularly in Eastern Europe.

The successful candidate must be able to demonstrate a record of success gained in the venture capital industry over a number of years. We would expect him or her to be professionally qualified, and to be aged between 27 and 35.

Personal qualities will include ambition, enthusiasm, and a capacity for hard work, but of prime importance will be the ability to earn the respect of the professional community, and of entrepreneurial businessmen.

It is important to us to select the right individual, therefore salary and benefits will be set to attract the person we want.

To put yourself forward please send a detailed C.V. to:

Mr Lee Bradford, Administration Manager, West Midlands Enterprise Board Ltd, 31 Waterloo Street, Birmingham B2 5TJ

Manager – Performance Measurement

Major London-based asset management company

This is an opportunity to run the performance measurement department in a well-focused investment management company with assets of around £18 billion and an excellent record of fund performance. The company sees this function as central to its investment management decision making processes and to its client liaison and business development activities. As the head of a young, 15-strong team your primary task will be to ensure that the performance of the company's numerous UK and international fixed interest, equity and property funds is measured on an accurate and timely basis and that fund performance data is clearly communicated to the board of directors, appropriate external bodies and to in house fund management, client liaison and marketing teams.

Potential candidates are likely to have gained a number of years' relevant experience in a senior capacity either in a fund management organisation or in a performance measurement or investment consultancy. The person appointed must possess mature managerial and communication skills as well as the general efficiency and service orientation necessary for this type of role. A high level of numeracy and computer literacy is also essential.

The position offers an excellent salary and benefits package which includes an attractive bonus plan and the option of a company car. If you would like to be considered, please write in confidence to: **IMR Recruitment Consultants, No.1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW. (tel: 071 872 5447).**

I M R

INVESTMENT MANAGEMENT RESOURCES

Treasury Manager
Investments
CITY

THE COMPANY

- Major financial services group.
- Market leader within its sector.
- High profile treasury functions in New York and London.

THE ROLE

- Responsible for developing and implementing the strategy for managing the company's short term assets.
- Reviewing new products, equity and bond markets as well as managing foreign exchange exposure.
- Advise and liaise with European offices on investment issues. Some travel involved.
- Co-ordinate in these areas with US head office.

THE PERSON

- Professional executive, age indicator 27-33, with experience of managing a short term portfolio.
- Proactive, team player and good interpersonal skills.
- Excellent career prospects.
- Remuneration package includes bonus and car.

Please write enclosing full curriculum vitae quoting ref: 162 to:
Nigel Hopkins FCA, London House, 53-54 Haymarket, London SW1Y 4RP
Tel: 071 839 4572 Fax: 071 925 2336

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UNIVERSITY OF LEEDS

SCHOOL OF BUSINESS AND ECONOMIC STUDIES

The Leeds Permanent Building Society Chair in Financial Services

Applications are invited for a Leeds Permanent Building Society Chair in Financial Services in the School of Business and Economic Studies. This is a new chair appointment which bridges the Management Division of the School, currently led by Professor James Lynch, and the Division of Accounting and Finance, led by Professor Kevin Keasey. It is part of a continuing programme of new and replacement appointments, targeted upon the development of the School's research and teaching excellence, and providing the basis for continued growth.

The salary will be within the non-clinical professorial range.

Informal enquiries about the post may be made to Professor John Chartres, Chairman of the School of Business and Economic Studies, tel: 0532 334500; Professor Jim Lynch, tel: 0532 332626, or Professor Kevin Keasey, tel: 0532 332618.

The University of Leeds is an Equal Opportunities Employer. Women and members of ethnic minorities are under-represented in the University in posts of this level and the University would therefore particularly welcome applications from members of such groups whilst, however, affirming that the appointment will be made entirely on merit.

Further particulars and application forms may be obtained from (Mrs) Sally M D Wheeler, Personnel Director (room 11/18), Office of the Registrar, The University of Leeds, Leeds LS2 9JT, UK, tel: 0532 335775 (direct line) quoting reference number 31/124.

The closing date for applications is Wednesday, 8 February 1995.

S&P

Standard & Poor's Ratings Group

Editor

Paris

Standard & Poor's requires a Writer/Editor for its flagship global banking title.

The Editor will work closely with top S&P Analysts, re-writing highly technical prose, as well as originating articles of his/her own.

Excellent copy editing skills are required, as is solid knowledge of the banking industry. Computer skills (Windows, Word, Excel, cc:mail) are also essential and some project or data management experience would be desirable. Only candidates with a minimum of five years' experience in financial journalism or within the publishing operation of a merchant bank will be considered.

While all editing and writing for this position is in English, fluent French speaking and reading skills are also required.

A competitive salary and benefits package is offered, dependent on experience.

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ACCOUNTANCY

The 'last chance saloon' for judgment

Gerry Acher argues it is time to rehabilitate the audit in the minds of preparers and users

It has always comforted me that *Keynes is said to have* taken up economics because he did not think he was good enough at mathematics.

He has also provided me with a maxim for life as an accountant: that it is better to be roughly right than precisely wrong. This saying, of course, has a lot to do with the need to match costs with benefits, but it also reflects on a mentality which seems to be increasingly prevalent – that as long as we stick to the rules of accounting, we do not have to think. And if there isn't a rule, depending on where you are in the game, it either means you can do what you want, or that a new rule should be created.

Until the advent of SSAP I (Statement of Standard Accounting Practice), issued by the former Accounting Standards Committee, the accounting profession in this country had no mandatory guidance to observe. SSAPs and the ASC were the response to a perception that the system had failed, if only in that the exercise of judgment still allowed too wide a range of inconsistent treatments of essentially the same business transaction. The present regime is a development of this process, spurred on by the excesses of the past decade.

But if there is a problem – and I think it has to be admitted that there is – are we going in the right direc*tion to solve it? It is hard to avoid the* conclusion that many of the accounting excesses were allowed to pass because we had fallen into a way of believing that if there was nothing in the rule book to stop us doing some*thing, then anything was acceptable.*

This is utterly wrong. The requirement for published accounts is that they should show a true and fair view. Truth goes without saying (I hope), but fairness implies the exercise of judgment: a statement can be literally correct (indeed, precisely accurate in theory if not in practical reality) without being a fair presentation of what has happened. Unless preparers and auditors are made to look at the picture as a whole, they will fail to give the necessary attention to this fundamental requirement.

Potentially, the situation is even worse than this. The financial aspects of business transactions are evolving at an ever-increasing rate. If we are to wait for rules to be drafted in response to every new twist, we will never catch up.

It is easy to criticise the Urgent Issues Task Force for not responding quickly enough to new developments, but we ought to be asking whether the task they are being asked to perform is one which should be performed at all. Given that their remit is interpretation rather than the creation of new law, what is there in their pronouncements that we should not already have worked out for ourselves? The fact is we do not need the UITF for the insights that it offers, but for the support it gives when faced with communicating a difficult conclusion.

This communication is difficult not just because our conclusions may be unwelcome to the recipient, but because we have lost the respect which we should enjoy. Auditors are *no longer seen as applying an independent* mind to a problem in everyone's interest. Metaphorically, they are seen as checking that the recipe has been correctly followed, rather than forming an opinion on whether the result is palatable (let alone qualifying for entry into the Good Food Guide).

Elsewhere in the world, the advance of rule book accounting seems inexorable. The United States may share some of our traditions, but it also has a tradition of litigiousness which has fostered the rule book mentality. Many states in the European Union have a prescriptive approach to legislation very different from our own background of common law. It took a great deal of effort to get the true and fair requirement written into the Fourth Directive. Yet to deride this mentality as inherently foreign is wrong as well as offensive: it is largely a product of circumstances, and there are plenty of examples within our own system where expediency and ease of policing have led us to compromise the broader principles at stake.

But the attitude is catching. Harmonisation is entirely laudable, but is difficult to achieve without laying down some standards to be observed. The problem is that the production of standards is all too easily seen as the objective, and what they produce is simply a by-product. Apart from the impact of EU Directives, other international bodies such as the International Accounting Standards Committee (IASC) could well prove a danger to the better course. Not only is there *an inherent danger in the harmonisation* process that needs to be faced and deflected, but there has been a worrying tendency towards a distinctly North American approach in some of the latter's recent pronouncements.

The growing size of Financial Reporting Standards has been well recorded – and is an objective fact, for those of us who need that sort of thing. But the subjective truth is that the ever-increasing complexity of standards has been no more than a response – a market response perhaps – to demand from parties representing all sides in the process of preparing, auditing and using accounts.

The cause of the demand is what is worrying. Auditors and preparers of accounts want guidance because they do not have the self-confidence to form their own judgment on general principles, and stick to them. And while users probably see rules as a way of putting backbone into the waverers, they also have the insidious effect of reducing the amount of work which users think they need to do to understand accounts.

Information must clearly be accessible, but commercial transactions cannot be reduced to a finite number of pre-set formulae. Intelligent reading of accounts is just as important as intelligent preparation.

This will inevitably seem a rather bleak view of our qualities as professionals; and there is, regrettably, ample evidence that left to our own devices, some of us fail to exercise a *proper* degree of robustness and depth of thinking. If I had a simple solution to this problem, I would have propounded it long ago. If there is a solution, I am sure that it lies in the combined effect of a lot of small initiatives, none of which individually is capable of achieving what we want.

We have to rehabilitate the audit in the minds of preparers, users and audit firms themselves. We have to emphasise its worth. The commercial penalties of audit failure are already draconian, but their severity worsens the position and leads to a defensive attitude which is inimical to best practice – and has certainly thrown no light on what went wrong and how the audit process could be improved. Human error lies at the bottom of most of these affairs; they are not the product of deep seated corruption, but of a devalued process in which little pride is taken.

To reverse the process will take a tremendous effort of will. If we cannot make that effort, the accounting profession will not be worthy of the name, and the longer we put it off the harder it will become. Our professional judgment has reached its Last Chance Saloon. But the challenge is to give up the seductive charms of a rule book approach and to face the world, prepared to judge each proposition on its merits and not to give up until we know we have got the right answer. The reward will justify the effort that it takes.

The author is head of audit and accounting at KPMG Peat Marwick.

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Reporting to the Chief Executive and supported by a small team, the principal responsibility will be the day-to-day financial management of the company through the adoption of a strategic approach to the company's development and growth. Additional tasks will include the ongoing development of integrated financial systems and all company secretarial duties.

Applicants must be qualified accountants with substantial experience in multiple retailing at a senior level. It is unlikely that anyone under the age of 35 will have the necessary experience or commercial maturity for this position. The intellect and personality to make an independent contribution at Board level are essential, as are pragmatism, flexibility and discretion.

A significant salary and benefits package - including the opportunity for equity participation - accompanies the chance to join this company at an exciting stage of its history and to make a wide ranging and influential contribution.

Please write with full career and salary details - quoting ref L/522/95 to David Gibbs.

KPMG Selection & Search
Peat House, 1 Waterloo Way, Leicester LE1 6LP

AVON

Financial Director

CIRCA £35K PLUS BENEFITS

Our client, a privately owned specialist fuel distributor requires a Financial Director to complement the existing management team.

Reporting directly to the Managing Director, you will be aged mid 30's to early 40's and ideally be a Chartered Accountant. You should possess excellent communication skills and have a "hands on" approach to management. Knowledge of distribution is not as important as experience of working within a results orientated commercial environment.

You will be expected to take complete responsibility for the finance function as well as playing a significant commercial role in the management of the business. This will include collating and reporting meaningful financial and management information, development of computerised systems, and advising senior management on all financial aspects of the company.

If you believe you have the drive and ambition to work within this challenging environment, then please write quoting reference FT400 enclosing full personal and career details to: Suzanne Dobinson, Robson Rhodes, 186 City Road, London EC1V 2NU.

ROBSON RHODES
Chartered Accountants

RSM
International

Financial Controller
Wallcoverings

Hertfordshire — £35k + Car + Bonus + Benefits

This high profile division of a quoted Group has established itself as a key player in its sector. Responsible for the marketing and distribution of durable wall coverings and upholstery fabrics to the commercial user, it operates throughout the UK and Europe. Known for its innovation in product design and high level of customer service, continued expansion has led to the requirement for a finance professional to join the senior team.

The Role

- Manage the day to day running of the finance function. Ensure timely and accurate preparation of statutory and management accounts to tight deadlines.
- Appraise, improving as required, MIS producing a user friendly format for non-accountants.
- Responsible for cash management, budgeting and forecasting. Direct and nurture accounting team to provide a pro-active service to the business.
- Report to Finance Director. Assist with any business opportunities including acquisitions.

The Candidate

- Qualified accountant, graduate calibre. Aged 30's - 40's, technically excellent and computer literate. A knowledge of European accounting would be desirable.
- Team player with an approachable, open style. Strong man-manager, able to set and achieve realistic yet demanding targets.
- Target driven, able to work to strict deadlines, absorb pressure and possess *exceptional organisational skills.*
- Ambitious, commercial, able to influence and gain respect at senior level communicating effectively with non-accountants.

Please apply in writing to Jacqueline Matthews, enclosing full CV, quoting reference number LBA/218.

LB HUMAN RESOURCE CONSULTANTS
LAWRENCE BARNETT ASSOCIATES

Metropolitan House, City Park Business Village, 20 Brindley Road, Manchester M16 9HQ.
Tel: 0161 - 877 4439 Fax: 0161 - 877 6708.

Finance Director Designate

South — c£50k + Car + Benefits

Founded in the 1970's, this privately owned Group is now a key player in the entertainment sector. With a prestigious property portfolio, it has a turnover in excess of £50m and employs several thousand personnel. Expansion into other leisure areas is supported by an ambitious restoration and refurbishment programme of its existing buildings. A high-calibre finance professional is now required to assist with the continued growth.

The Role

- Provide direction and strategic management for the finance team through a hands-on approach, creating a pro-active, commercial department.
- Appraise current systems and procedures prior to specification, installation and implementation of new computer package.
- Interpret management information in order to provide support and guidance to unit managers, maximise profitability and influence at Board level.
- Report to Deputy Managing Director. Play a strategic role within the executive team. Assist with continued improvement of business performance and future expansion plans.

The Candidate

- Age mid 30's to early 40's. Graduate qualified chartered accountant with proven track record gained in a multisite fast moving environment.
- Exceptional man-manager, persuasive communicator, a natural leader with the ability to bring about change.
- Influential, target-driven with a pro-active style and the ability to understand complex business issues.
- Technically excellent, computer literate, experience of acquisitions desirable.

Please apply in writing to Jacqueline Matthews, enclosing full CV, quoting reference number LBA/219.

LB HUMAN RESOURCE CONSULTANTS
LAWRENCE BARNETT ASSOCIATES

Metropolitan House, City Park Business Village, 20 Brindley Road, Manchester M16 9HQ.
Tel: 0161 - 877 4439 Fax: 0161 - 877 6708.

Financial Executive

London — c£50,000

The Client

A substantial, private, grant-making charitable foundation operating in the UK and Israel.

The Role

To manage the affairs and the substantial investment funds of the Foundation.

The Candidates

Candidates should have extensive experience in the financial and investment field with an accountancy or legal background and the ability to manage a small team of staff.

Candidates should write, enclosing a full c.v. to **Bruce Page** CA, Managing Director, Douglas Llambias Associates,
410 Strand, London
WC2R 0NS.
Tel: 0171 836 9501
Fax: 0171 379 4820.
(Ref FT120195)

DLA DOUGLAS LLAMBIAS
RECRUITMENT CONSULTANTS

MAJOR UK BANK
HEAD OF SYSTEMS ACCOUNTING

LONDON — £EXCELLENT

Our client is the wholesale banking arm of a major UK banking group. Business areas include global funding, liquidity management, risk management, investment, large ticket leasing and the provision of innovative structured transactions to highly rated borrowers.

Continued expansion of the Treasury Division and a reorganisation of the Finance Department have created a vacancy for a Head of Systems Accounting.

Reporting to the Financial Director, responsibilities will include:

- Participating in Systems strategy both in the UK and overseas
- Providing an internal consultancy service for accounting users and acting as their champion in systems development
- Overseeing the development of user aspects of the Back Office system and the General Ledger
- Directing and planning systems developments projects under demanding timescales
- Working closely with Finance Managers and the Systems Department to ensure developments and requirements are met
- Participating in Front Office Systems development

The successful candidate will have a blend of experience covering Financial Accounting, IT strategy and user implementation, exposure to complex banking Treasury products and strong management skills.

The position would suit either an accountant with a systems bias or a management consultant with an accounting background and requires a high level of intellectual ability, flair and imagination. A meticulous, hands-on approach is vital to the role as is an ability to communicate effectively, both internally and externally.

Interested applicants should contact Sam Dewhurst at **Robert Walters Associates** on **0171 379 3333.** Alternatively fax **(0171 915 8714)** or send a current CV to him at **Robert Walters Associates, 25 Bedford Street, London, WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

Group Finance Director

£150,000 + Expatriate Package + Bonus + Share Options **Hong Kong**

A challenging appointment with broad financial and managerial responsibility within a highly regarded performance orientated and fast developing public company.

THE COMPANY
- Headquartered in Hong Kong and quoted on the London Stock Exchange.
- One of the world's leading manufacturers of electronic components with technical leadership. Manufactures on three continents and services markets internationally.
- Annual turnover of £300 million. Well positioned for future growth in a dynamic market.

THE POSITION
- Report to Chief Executive. Overall responsibility for financial management and direction of the group.
- Maintain and develop strong relationships with shareholders and financial institutions, both in London and the USA.
- Broadly based with additional responsibility for group M.I.S., legal and personnel functions.

QUALIFICATIONS
- Finance Director with experience in a major international manufacturing organisation, ideally plc.
- Excellent communicator. Logical thinker with highly commercial, pro-active approach. Age 40-52.
- Experience of living and working in Asia Pacific Region helpful. Aptitude to undertake significant international travel essential.

Please send full cv, stating salary, ref LP0225, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB

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Leeds 0532 453830 • London 071 493 6392
Manchester 0625 539953 • Slough 0753 819227

Group Finance Director

c.£85,000 + Bonus + Benefits **Berkshire**

Main Board appointment to support group during critical growth phase.

THE COMPANY
- Quoted plc. Targeting full listing. Strong balance sheet. UK market leader.
- Independent manufacturer and distributor of electronic security products.
- Dynamic, sales driven culture. Remarkable growth record. Expanding in Europe.

THE POSITION
- Group financial management, control and administration.
- Key member of influential management team. Major involvement in acquisitions, City relations and strategic business development.
- Strengthen processes and systems. Maximise group performance. Enhance individual business effectiveness.

QUALIFICATIONS
- Experience in dynamic, acquisitive environment. Credible with the City.
- Graduate ACA, probably 35-45. Record of achievement in large and small, multibusiness organisations. Background in technical product distribution and service ideal
- Commercially astute manager with top level financial control experience in a £60-150m turnover company. Forex management useful.

Please send full cv, stating salary, ref ISN2636, to NBS, 7 Shaftesbury Court, Chalvey Park, Slough SL1 2ER

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Financial Controller

Major Plc Subsidiary

c.£55,000 + Bonus & Benefits **London**

Key finance appointment at heart of newly restructured group with ambitious growth plans.

THE COMPANY
- Autonomous, market leading, multisite business in manufacturing, distribution and sales. Turnover exceeds £300 million.
- New market identity. Poised for significant growth.
- UK wide operations. International expansion planned.

THE POSITION
- Vital role to enhance management information and develop systems to support projected growth.
- High profile, active management role, providing clear leadership to large, centralised finance team.
- Work closely with individual operations to champion excellence in financial management.

QUALIFICATIONS
- Ambitious ACA or CIMA, probably aged 35 to 45.
- Broad financial management experience from tightly controlled, multisite organisation, possibly in manufacturing or distribution.
- Robust yet diplomatic manager of change. Team player. Personality to challenge and inspire.

Please send full cv, stating salary, ref P0116, to NBS, 54 Jermyn Street, London SW1Y 6LX

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Assistant Treasurer

Media and Entertainment

c.£35,000 + Benefits **London**

Outstanding opportunity for young aspiring Treasurer to make critical contribution to business success while sitting ACT exams.

THE ORGANISATION
- World class media group, offering high quality services within the UK and internationally.
- Committed to excellence in both professional management and product delivery.
- Well placed to capitalise on further evolution of dynamic, challenging market.

THE POSITION
- Deputise and support Group Treasurer in full range of treasury activities.
- Develop and implement investment strategy, manage FX exposure and maintain banking relationships. Evaluate new funding facilities.
- Responsible for new IT system and further sophistication of cashflow forecasting. Involvement in insurance and tax.

QUALIFICATIONS
- Ambitious graduate, committed to or already studying for ACT qualification.
- Some exposure to corporate treasury. Commercially aware, highly numerate and analytical. Systems literate.
- First class communication and interpersonal skills. Tactful and diplomatic.

Please send full cv, stating salary, ref HN5176, to NBS, 54 Jermyn Street, London SW1Y 6LX

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a BNB Resources plc company

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De La Rue

Group Financial Analyst

Central London

c. £40,000 Package

De La Rue plc is a major international group with a turnover approaching £0.6 billion. It is the global market leader in banknote and security document printing and a leading supplier of equipment for cash handling and electronic transfer payments. With substantial interests world-wide, and a dynamic management team, the Group has a clear strategy of growing its core businesses, both organically and through acquisition. It has experienced a sustained period of outstanding growth, culminating in the recently announced £0.7 billion offer for the Portals Group.

Promotions within the head office finance team have generated the need to appoint a Group Financial Analyst. This is an exceptionally high profile role offering immediate exposure at main board level within a FTSE 100 company. Responsibilities will include:

- Acting as the main link between Central Finance and senior divisional management.
- Reviewing divisional data including trading, capital expenditure, budgets, current year forecasts and organisational issues.
- Review of acquisitions and divestments.
- Preparation of commentaries and analyses on projects of major strategic importance.

Successful applicants should fulfil the following selection criteria:

- Qualified accountant aged 26-32.
- Outstanding and consistent level of high academic achievement.
- Committed, energetic and flexible approach with the ability to liaise with managers at all levels.
- The ability to speak a second European language is desirable though not essential.
- P.C. literate.

The rewards include an attractive remuneration package, together with a fully expensed car and other large company benefits.

For further information in strict confidence, please contact David Craig or Robert Walker on 0171 839 4444. Alternatively, forward a brief résumé to our London office at 103-105 Jermyn Street, St. James's, London, SW1Y 6EE, quoting ref: DC1611.

WALKER HAMILL
EXECUTIVE SELECTION

Chief Accountant

West London

C.£35,000 + Bonus + Car

VAP

This UK operating subsidiary of a leading European multinational, holds a pre-eminent position in its specialist market and is currently poised to significantly increase its market share in all key areas. Driven by an experienced management team, the company is renowned for its high quality products and after sales service.

Recent restructuring of the UK business and in particular the finance function, has generated the need to recruit an experienced Chief Accountant for a senior management role. Working closely with the Finance Director and controlling a newly created team of 20, the appointee will be primarily responsible for the financial management of the UK operations, and can expect significant exposure to senior operating management.

This opportunity should appeal to a qualified accountant (aged 35-45) with a record of achievement in managing staff in a commercially orientated environment. The abilities to liaise across business areas at all levels, motivate and enhance the performance of the existing finance function and constantly adapt in a fast moving market are essential. Previous experience of a major systems implementation project, preferably in a similar Blue Chip company is desirable, as would be prior exposure to both contracting and service business sectors. In addition, the successful candidate is likely to be an effective communicator with highly developed leadership skills.

The rewards include an attractive remuneration package, together with company car, bonus and other large company benefits, including relocation. Furthermore, excellent career opportunities will arise as the company continues evolving in the UK and overseas.

For further information in strict confidence, please contact David Craig or Brian Hamill on 0171-839 4444. Alternatively, forward a brief résumé to our London office quoting ref: DC 1645.

WALKER HAMILL
Executive Selection

103-105 Jermyn Street,
St James's, London SW1Y 6EE

Tel: 0171 839 4444
Fax: 0171 839 5857

Our client, part of a well established privately owned Group, is a highly innovative designer and manufacturer whose success is reflected by an impressive customer base of leading high street retail multiples.

Financial Controller

c£30k + Car + Benefits

Welwyn Garden City

To further enhance this position, an ambitious qualified accountant is now sought to assume the role of Financial Controller. Reporting to the Managing Director, you will lead a small accounting team and take full responsibility for the finance function plus a broad range of project work, including costings and stock control systems development.

Aged mid 20's to mid 30's you will be a qualified accountant with a broad accounting background gained in a fast moving manufacturing environment. Computer literate, you will be familiar with the development of costing systems and will possess the flair and flexibility necessary to fit into this entrepreneurial environment.

In return, a highly attractive remuneration package is on offer, including negotiable salary, company car, private health; plus genuine Director prospects.

INTERESTED APPLICANTS SHOULD, IN THE FIRST INSTANCE, SEND FULL CURRICULUM VITAE TO: DAVID RAWLINS, CROSSLEY HOUSE RECRUITMENT, CROSSLEY HOUSE, HOPWOOD LANE, HALIFAX HX1 5EB.
TEL: 0422 362120/321490.
FAX: 0422 349398.

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on +44 71 873 4054

Sam Morris
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Joanne Gerrard
on +44 71 873 4153

FINANCE DIRECTOR

CHESHIRE

to £40,000 inc. Bonus + Car

Our client is a major US multinational specialising in the manufacture of a broad range of middle to high technology products. Each individual business area boasts a history of market leadership, and is well positioned to take advantage of new global opportunities. The need has now arisen to recruit a high calibre finance professional for their operations in the north of England

Reporting to the Managing Director your responsibilities will include the preparation of monthly management and statutory accounts, enhancing strategic and operational business planning and providing an informed financial perspective on a broad range of critical business issues. In addition you will be responsible for implementing and developing financial management information systems. The successful candidate will therefore require the following:

- Qualified graduate ACA/CIMA/CACA with at least 5 years P.Q.E
- First class experience of financial and administrative management
- A highly commercial orientation combined with outstanding inter personal skills
- High degree of computer literacy.

This represents an excellent opportunity for an ambitious finance professional to make a significant contribution within a major international company. Longer term career prospects are outstanding and could be elsewhere in the UK or overseas. This position is urgent and interested applicants are therefore encouraged to fax their details as soon as possible clearly stating current remuneration and notice period to

Andrew Livesey quoting reference number 2104 at Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London, WC1V 6AS. Fax number **0171 404 8128** or telephone **0171 404 5501** for an initial discussion

NICHOLSON INTERNATIONAL
UK

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia Australia

Oil & Gas - Senior Commercial & Tax Role

TUE CHANCE TO MAKE YOUR NAME AS ONE OF THE KEY PEOPLE BEHIND THE SUCCESS OF A GROWING UP-STREAM COMPANY

This is an independent role offering tremendous scope to make an impact as the company *looks to identify and evaluate new ventures and potential* acquisitions both in existing areas of activity and wherever else opportunity can be found.

Brabant Petroleum is a successful and ambitious company with interests as operator and co-venture partner in the North Sea, On-Shore and Internationally. With strong financial backing the Company is powerfully positioned for future growth.

In this appointment you will be responsible for:

- Advising on the tax implications for UK and International activities in respect of acquisitions, disposals and re-organisation.
- Involvement in negotation of proposed new ventures.
- Commercial evaluation for exploration, farm-in/farm-out and licensing activity, and the acquisition and disposal of assets.
- Liaising with external legal and financial advisers. Includes US reporting requirements.

A commercially aware graduate, probably with professional accounting qualification and Big Six trained, you must have sound knowledge of the commercial aspects of the exploration and production industry; at least 8 - 10 years experience gained in an up-stream environment with an oil/gas company, bank, consultancy or from within the profession. Whichever, you must be conversant with the UKCS fiscal regime.

The company offers an attractive salary and benefits package but perhaps above all, the opportunity to become a key member of a small team shaping an ambitious and growing company.

To apply in strict confidence, please write with full CV, including current salary details and quoting ref. MD4056 or telephone David Lloyd at Macmillan Davies, Salisbury House, Bluecoats, Hertford SG14 1PU. Tel: 0992 552552 Fax: 0992 505301.

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EXECUTIVE SEARCH & SELECTION

Financial Controller

Insure your future

Up to £45K + car + benefits Hertfordshire

A long established name, a reputation for good results and operations covering life assurance, pensions and unit trusts. Apart from the challenge of many new developments and products during a time of significant change for the industry as a whole, the company continues to make major investments in information technology and upgrading its financial function.

This number two role in the finance function carries a great deal of responsibility. Reporting to the Head of Finance, you will be responsible for the direction, management, development and motivation of some 45 staff. In addition you will have responsibilities covering financial and management accounting, budgets and forecasting, compliance with statutory and regulatory requirements (including DTI returns) and managing the banking arrangements. There will also be challenges arising from the development of the next generation of computerised systems.

To fulfil this role, you will be a mature, qualified accountant with experience of financial control in a financial services organisation – ideally insurance. You will be familiar with regulatory returns and have a strong leaning towards IT and systems development, but first-class technical skills are not enough. Whilst you will probably be seeking some stability in your life you will also have the energy and commitment to make a major contribution through the management and development of a large finance team. We want someone with the enthusiasm and credibility to drive the financial function forward. Age is not important, but the right combination of skills, attitude and experience are.

Please write explaining why you have the combination of attributes we seek, enclosing a comprehensive CV and quoting reference E/1518 to: Jane Rhodes, Executive Search & Selection, Price Waterhouse, No 1 London Bridge, London SE1 9QL. Fax: 0171 403 5265.

Join the centralised European accounting department, based in France, for a major industrial group.

AlliedSignal -a leading US industrial group with turnover of $ 13 billion and 85 000 employees- is recruiting for its European headquarters located near Paris.

You will become part of a multinational team of around 150 people who are responsible for the accounting functions of 20 subsidiaries in 7 countries. We are seeking people who can take over the accounting for our Italian and German subsidiaries, starting in February 1995, specifically:

Managers:

- general accounting
- accounts receivable
- accounts payable

You will have completed relevant professional training and have gained at least 8 years' practical experience within a multinational enterprise.

Accountants:

- general accounting

For the last 3 to 5 years, you will have acquired sound experience of Italian or German accounting practices.

Accountants:

- accounts payable
- accounts receivable

You wish to expand upon your initial experience.

For all these positions a good knowledge of English and either Italian or German is necessary.

Your will be based in Drancy (93). If you currently reside outside France, your relocation costs will be paid by AlliedSignal. Please send your application, quoting the appointment to AlliedSignal, 126 rue de Stalingrad, 93700 Drancy, France.

AlliedSignal

MEDIA SYSTEM

DIRECTORS SEEKING A NEW ROLE?

Europe's leading career management and outplacement consultancy. InterExec, has nearly 20 years' experience of career development for senior executives and many of Britain's largest companies.

Accessing over 6,000 unadvertised vacancies a year, mostly at £40 – 150,000 p.a. InterExec provides clients with vital market intelligence and its subsidiary. InterMex, makes personal recommendations from its candidate bank, without charge, to an extensive network of contacts.

CDOA

Call Keith Mitchell on 0171 930 5041, 19 Charing Cross Road, London WC2H 0ES or Nicki Payne on 01703 351135, 1 Grosvenor Square, Southampton SO15 2BR or Sandra Costello on 0131 225 8414, 63 George Street, Edinburgh EH2 2JG

INTEREXEC

THE UK'S LARGEST SOURCE OF UNADVERTISED VACANCIES

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Indian National

(MBA/FCCA/ACMA)

With European FMCG experience seeks to work with European/American company or consulting firm setting-up/expanding operations in India.

Write: Box A5022, Financial Times, One Southwark Bridge, London SE1 9HL.

FINANCE DIRECTOR

International Law Firm **up to £100,000 package**

This young and dynamic City-based firm which numbers over 300 partners and staff worldwide, has grown significantly since its creation and is now recognised as one of the leading firms in its areas of expertise. It has a substantial reputation in its general legal practice, and is known for its competitiveness, pragmatism and for delivering quality solutions to its clients. It also has a substantial international practice and a number of overseas offices.

The partnership now needs a Finance Director who will work as an integral part of the firm's management team, giving practical help and guidance to improve the financial control of the business, whilst laying down a strategic financial framework to ensure that the firm's growth targets are achieved.

Initially working alongside the Finance Partner and Managing Partner, the successful candidate will take an active part both in the day to day management of the firm and the finance function, ensuring that both financial controls and management information systems are appropriate to the firm's needs and are rigorously enforced. A finance department of eleven people reports to the position and will require management and development.

In order to establish yourself in this role, you will need a hands-on approach, yet an authoritative and persuasive style. You should be a graduate chartered accountant, able to demonstrate an exceptional track record, preferably in a service oriented *organisation. You should also have experience of* both instigating and managing change. Strong communication skills and the ability to earn and maintain the respect of both partners and staff are vital.

If you are equal to this demanding role, please send a CV, together with your current salary package quoting reference 3442 to Bruce McKay, Touche Ross Selection and Search, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

Treasury Access Limited

LONDON NEW YORK

GROUP MANAGING DIRECTOR

DIVERSIFIED TRADING COMPANY-UNITED ARAB EMIRATES

Major trading company in the United Arab Emirates is seeking an experienced individual to work as Group Managing Director for its diversified business throughout the Gulf region. Turnover is in excess of US$300 million. Business lines include automotive truck, hotels, food processing and petroleum products. Compensation includes base salary, bonus and housing subsidies.

Please reply in confidence to Brian O'Connell

Treasury Access Limited

Executive Search Specialists in Treasury & Debt Capital Markets

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Tel: 071 702 1444

Fax: 071 702 9293

Financial Reporting Systems

High profile entry role for a newly qualified Accountant

WARNER MUSIC INTERNATIONAL

Warner Music International forms part of the Music Division of Time Warner Inc and operates worldwide.

They are seeking a newly qualified accountant (preferably ACA) to work in a tightly-knit team to be immediately responsible with two other accountants for the maintenance of the group's existing Micro Control financial reporting system and for the implementation of its successor, early in 1995, using Hyperion. Responsibility for both systems will cover their Central London headquarters and 40 sites worldwide. Implementation of the new system will involve origination of user guides, site installations and training.

The role is a high-profile one requiring much communication with and travel to the overseas affiliates and thus allowing for an early global *introduction to the group. The position* will involve, in addition to systems, US GAAP consolidated reporting on a monthly basis and business analysis of various key operations. This position would represent a strong career move for a professional wishing to apply their accounting and software skills in a dynamic fast-moving industry.

The successful candidate will have extensive experience of Windows products and be knowledgeable about PC-LAN systems. Hands-on experience such as an attachment to a client during the implementation of financial software, or involvement in computer project-related work, would be advantageous.

Our client offers, in addition to salary, a comprehensive range of benefits.

London c. £28,000

Please send full CV quoting salary and reference 289J to: JWI Clarendon House Hyde Street Winchester SO23 7DX 0962 844242

Johnson Wilson International

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JWI

FINANCIAL CONTROLLER

City of London **package c £80,000**

Our client is a specialist commodities trader, well established in its market, and part of an international group.

A Financial Controller is now required to join the senior management team and assume management of the back office operations, including all aspects of finance, accounting, reporting, settlements and data processing. An immediate task will be to assess the current systems and make recommendations as to the most appropriate way forward to support the present and future business.

To be considered for this role, you will be a qualified accountant with previous senior financial management experience in a trading environment and a background in the development and successful introduction of information systems. Your breadth of experience will enable you to contribute to general management issues and you will need to demonstrate good staff management and leadership skills. A hands on approach and an enthusiastic and results orientated personal style will be important attributes.

Please send a comprehensive cv, including current salary details and quoting reference 3441 to Frances A. Bell, Touche Ross Selection & Search, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

PARKWELL

Investment Bank Finalist/Qualified Accountant

to £30,000 + Bonus + Benefits

Our client is a leading International Investment Bank with an excellent reputation for research and quality of service.

The organisation has experienced a prolonged period of growth that is set to continue and as a result the Information Technology (IT) department is now looking to recruit a young, ambitious and PC literate accountant.

The position will report to the head of the newly formed IT Project Office. The work will be on an international scale and involve a diverse range of responsibilities. Specific duties will include the financial control of the IT department, the selection and setting up of new systems for project costing and control, budgeting and forecasting.

The post will suit a finalist or newly qualified accountant (ACA/CMA/CCA) with a range of experience gained within either public practice or commerce/industry.

This is an excellent opportunity to make a first move into an expanding International Bank. Financial Services experience is not essential as the emphasis will be on identifying a team player with good interpersonal skills.

To apply please send a full CV with a covering letter to:
Andrew Fisher, Parkwell Management Consultants Ltd
3 Catherine Place, Westminster SW1E 6DX. Tel: 0171 233 5207 Fax: 0171 233 5205

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For further information please call:

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Sam Morris on +44 71 873 4027

Joanne Gerrard on +44 71 873 4153

K'NEX

International FMCG

South East

FINANCE DIRECTOR *c. £70,000 Package + Car*

K'nex International is an exciting new business venture jointly owned by Connector Set and Hasbro Inc, the world's largest toy, games and puzzles company. Leading brands within the Hasbro portfolio include Tonka, Play-Doh, Action Man, Sindy, Pictionary and Trivial Pursuit.

This joint venture was formed in 1994 to manufacture and market the K'nex range of construction toys in Europe and the rest of the world following its impressive launch in the USA in 1993.

Initial sales are very positive, and start-up plans are now in place to build a new manufacturing facility and create an international network of sales subsidiaries and distributors. Strong market potential, together with aggressive investment plans, will ensure that this business grows to a substantial size within the next five years.

An exceptional individual is now required to head up the finance and MIS functions, and to establish the necessary policies and practices appropriate to a multinational organisation.

Reporting to the President, this key role will be responsible for:

- ▲ strategic and operations business planning and decision making
- ▲ setting up finance and MIS procedures for the new manufacturing facility and overseas sales subsidiaries and distributors
- ▲ treasury and financial management
- ▲ management, statutory and US GAAP reporting
- ▲ recruitment and training of staff.

Suitable applicants will be qualified accountants with significant international and commercial experience gained in a marketing driven or consumer based sector. Strong technical ability should be combined with excellent communication and management skills, and a focused "hands-on" approach to problem solving.

Interested candidates should write, quoting reference number F1201 and enclose a Curriculum Vitae with current salary details to: Peter Ward ACMA, Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire SL4 1DS.

MARTIN·WARD ·ANDERSON·
FINANCIAL RECRUITMENT CONSULTANTS

AUDIT MANAGER, INFORMATION SYSTEMS

SURREY

£45,000 neg + Benefits + Car

Our client is one of the worlds' leading industrial companies. They have achieved revenues in excess of $US 20 billion, and have retained a leading market position through substantial investment in technology and innovation.

A unique opportunity has now arisen for a high calibre finance professional to play a key role within the audit department. You will be working alongside a small high profile audit team, and will report to the Regional I/S Manager in the United States. You will be responsible for planning and participating in reviews of the corporations' I.T. controls, key financial data, objectives and systems development. You will also be developing and recommending new audit techniques and approaches, focusing on audit problem areas and devising effective solutions.

The successful candidate will need a proactive approach as well as the following key attributes:

- Graduate qualified - either an IT professional or with a recognised finance/business qualification
- Intelectually robust with a strong commercial focus.
- Willingness to travel.
- Excellent inter-personal skills, including the ability to communicate effectively at the most senior levels

This represents a rare opportunity to immediately impact within a dynamic multinational group and is likely to be of interest to ambitious and commercially aware finance professionals.

Interested applicants should write in confidence to **Mark Avis**, including details of current remuneration, quoting reference number 1/95 Nicholson International (Search and Selection Consultants), Bracton House, 34-36 High Holborn, London WC1V 6AS. Alternatively fax your details on **071 404 8128** or telephone **071 404 5501** for an initial discussion.

NICHOLSON INTERNATIONAL —UK—

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia Australia

EUROPEAN FINANCE AND LOGISTICS DIRECTOR

Middlesex £45,000 to £50,000 plus car, bonus + benefits

Our client is the European division of a publicly quoted US company who are international leaders in their market sector of the electronic publishing/consumer electronics industry. Since this division was founded 2½ years ago it has established profitable operating subsidiaries in both the UK and France. A third subsidiary in Germany will commence trading in April 1995 and two further subsidiaries are planned during 1996. The European operation is rapidly expanding with sales projected at circa $30 million in 1995. Staff complement will increase to 38 across the UK, France and Germany to support this expansion. To sustain this European development strategy they now wish to appoint a Finance and Logistics Director as a key member of their evolving management structure.

Reporting to the European Managing Director you will be responsible for overseeing and consolidating accounting and financial control functions for each subsidiary together with inventory management/planning for Europe as a whole. Other key tasks will include the co-ordination of systems/information with the US parent, administrative support and the development and harmonisation of management information and computer systems. You will also participate in the development of existing operations and the establishment of new subsidiaries.

You will be in the age range 30-45, a highly computer literate qualified accountant who can demonstrate a successful track record to date in a commercial environment. Some international accounting and inventory management experience would be an advantage, although not essential. You should be enthusiastic with a proactive approach in order to make a significant contribution to the future growth and success of the business. This will be a "hands on" management role in a fast moving, high technology market. Some international travel will be involved.

Applications should be in writing including a current CV together with details of current remuneration and benefits.

These should be addressed to: Howard Veglio (FLD/FT), Chantrey Vellacott, Russell Square House, 10-12 Russell Square, London WC1B 5LF

All replies will be forwarded unopened to our client. Any companies to whom you do not wish us to forward your application should be listed in a separate letter.

APPOINTMENTS WANTED

Business Consultant, MBA

10 years experience in Accountancy/Financial Analysis.
European & E/Europe experience.
Systems/PC literate. Seeking FC/FD position in company start-up or small growing company (T/O £5m). Willing to relocate.

Please Write Box: A2194, Financial Times, One Southwark Bridge, London SE1 9HL.

CHARTERED ACCOUNTANT AND M.B.A.

20 years commercial accounting experience principally with International engineering companies.
Based close to London but willing to work anywhere in the U.K. or overseas.
Urgently looking for full time or temporary roles.

Please reply to Box A5014, Financial Times, One Southwark Bridge, London SE1 9HL

Does your company turnover up to about £10m?

Seeking to strengthen its financial management information planning?

NEED A 'DEVIL'S ADVOCATE'!

Qualified Management Accountant & business manager seeks fresh challenge to contribute his business skills and experience.
Part or full-time.

In confidence, please write to P O Box 289, Camberley, Surrey GU15 2YR

MD/FD INTERIM MANAGER

FCA with experience in USA, Europe, Middle East, Far East and Australia.

Solutions developed and implemented.

Three to eighteen month assignments undertaken in virtually any part of the world.

Contact on fax: UK 0932 868021

International 0044 932 868021

International Finance & Planning Director

C£60,000 Oxford
+ Performance Bonus + Car

This client, a subsidiary of a large UK plc, is an expanding worldwide business whose high-technology leadership makes it the acknowledged world leader in its market.

To support the drive for growth the current team is to be strengthened by the appointment of an International Finance and Planning Director. The position requires an all-round ability to play an active part in the strategic management of the business whilst retaining control over the finance function, which is decentralised to the local operating units. A self-starter, good at achieving results and able to set his or her agenda is required to fit in with the participatory and open management style.

Applicants should be first grade graduate qualified accountants, CPA's or MBA's able to operate effectively at the top level in a multi cultural international team with an unusual blend of scientists, business managers and entrepreneurs. Experience in central finance as well as operating levels in a significant international consumer-orientated business is important. There will be up to 25% international travel. Age guideline early 30's. Fluency in English is essential. Working knowledge in other languages will be very beneficial.

Please reply in confidence quoting Ref L577 to:

Brian H. Mason,
Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 071-240 7805.

Mason & Nurse
Selection and Search

MILLER

FINANCIAL DIRECTOR

– challenging and commercial appointment

Rugby

Miller Civil Engineering is a progressive National Civil Engineering Contractor with an enviable reputation in the construction sector. It is a successful division of the £350m Miller Group, run from its headquarters in Rugby with offices in Edinburgh, Washington, Lymm and Colnbrook.

Growth in the spread and type of business has resulted in an opportunity for a talented and ambitious Finance Director. As a key figure on the Divisional Board, full responsibility will be assumed for the financial management of the four Units within the Division, namely Roads, Tunnelling, North and South. These Units will turn over £90m in the coming year with a large percentage of this workload already secured. Over and above the numbers, however, the successful candidate must bring commercial insight into a wide range of operational and business issues, ideally including experience in private finance of infrastructure projects and joint ventures, and be an instrumental part of the team determining the direction and shape of the Division.

An attractive salary, benefits and incentives package will be offered to ensure the successful candidate is well rewarded for their achievements.

Please write with CV to:
Willie Finlayson, Finlayson Wagner Black Ltd.,
19 Alva Street, Edinburgh EH2 4PH. Tel: 0131 539 7087

FINLAYSON WAGNER BLACK

EXECUTIVE RECRUITMENT

Newcastle United is currently one of the success stories in The Premier Division, where success on the field has resulted in spectacular growth in all its activities. Turnover has increased dramatically and in anticipation of further expansion, with the inception of a new training centre and soccer academy, the Club needs to augment its management by appointing an individual who will actively contribute to its continuing progress.

Head of Finance & Administration

£40,000 to £50,000 plus car and benefits package

The speed of growth, the commercial opportunities available to the Club and the need for a coordinated approach to systems development necessitate the appointment of a Head of Finance & Administration. This individual will be an extremely able, qualified accountant with 10+ years experience in a senior management position. Candidates will be expected to take a hands on role and get involved in the detailed aspects of managing the club's finances and administration. Outgoing, politically astute, with strong communication and presentational skills, they must understand the importance of providing excellent customer service to the Club's supporters by the efficient organisation of the 'process' and by the effective management of staff. Experience in an organisation where customer care was high on the agenda would be advantageous. Candidates must be computer literate and it will be preferable if they have worked in an IBM A/S 400 networked environment.

Please reply to KPMG Selection & Search, quoting reference M/257, at the address below.

KPMG Selection & Search
1 The Embankment, Neville Street, Leeds LS1 4DW.

هكذا عن الأصل

Group Audit Director

City — ***circa.£65,000 + benefits***

▪ A well established international merchant banking Group, our client provides the full range of financial services to corporate and individual clients in the UK. In addition, the Group has significant offshore banking and trust management activities through a network spanning seven jurisdictions in Europe and the Caribbean.

▪ Reporting to the Chief Executive, the successful individual will be responsible for structuring and delivering a sophisticated new audit programme to be implemented across the whole of the Group's activities, so enabling risk-based reviews to be performed, and adding value to all business areas and improving operational effectiveness.

▪ To be considered, candidates must be qualified accountants with internal audit experience gained at managerial level, preferably, within a financial services environment or, alternatively, from within a large corporate or 'big six' firm. They should understand regulatory requirements and have excellent IT and communication skills in order to have the credibility to command respect at the highest level. Tenacity and self-motivation are important personal qualities.

▪ This demanding position offers an excellent opportunity for someone aged probably not less than 35 years old who will be rewarded with an attractive remuneration package.

▪ Please send your curriculum vitae and current salary details to Richard Pooley, Ernst & Young, Corporate Resources, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH quoting reference RP606.

ERNST & YOUNG

FMS

FINANCIAL SEARCH & SELECTION SPECIALISTS

FINANCIAL CONTROLLER

Leading Role in the Management Of Change

City

c. £40,000 + Car + Bonus

Age 30-34

Our client is a high profile money broking operation with a significant presence in major world markets. Its record of success should be further enhanced with the current implementation of state-of-the-art computerised systems sweeping through the organisation.

As a result of these changes, they are seeking to recruit a Financial Controller to play a significant role in the management team.

In addition to influencing management decisions, key tasks will comprise:-

- Development and enhancement of computerised systems, and the introduction of relevant financial controls.
- Monitoring of cash flows.
- Supervision and motivation of financial accounting staff.
- Preparation and review of Statutory Accounts and monthly financial reports.

Candidates must be qualified accountants able to demonstrate a strong financial accounting background within the financial services arena and be comfortable in an environment that is undergoing change. A track record in the innovative development of accounting systems, particularly Sun, would be a distinct advantage.

Confidence, enthusiasm and maturity will be required to respond to the varied challenges in such a fast moving environment. For this reason it is likely that candidates will be aged early 30's.

Interested individuals should telephone Julie Thompson on 071 405 4161 (Fax: 071 430 1140) or evenings on 081 542 8602. Alternatively write to her at FMS Recruitment Consultants, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY, enclosing a recent Curriculum Vitae and a note of current salary.

A MEMBER OF THE PSD GROUP

Coopers & Lybrand | Executive Resourcing

European Director of Finance and Administration

c £45,000

This is a new role and a key appointment in the continued development of this highly entrepreneurial, US based, financial information services organisation. Market leaders in their niche sector, they have gained a strong reputation for innovative product design and commitment to customer service. The European operation, turnover around $6 million, is now seeking to strengthen its top management team.

Reporting to the European MD, you will assume total responsibility for the full finance, systems and adminstration functions. Active in driving forward financial performance, you will be expected to provide an informed commercial perspective on a broad range of operational and strategic issues. An initial objective will be the advancement of management reporting essential to provide key information to control and plan the development of the business.

A qualified accountant, probably in your early to mid 30s, you will ideally have gained experience in a service oriented and entrepreneurial organisation. You must be capable of supporting fast moving initiatives whilst providing essential controls and information at the operational level. You should possess broad based financial skills and previous experience of senior line financial management, although this may well be your first Finance Director post. The ability to work closely with a young, exceptionally commited management team is essential.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Ann Shepherd, Coopers & Lybrand Executive Resourcing Ltd, 1 Embankment Place, London WC2N 6NN, quoting reference AS1068 on both envelope and letter.

High Profile Financial Control

Northern Home Counties

c.£40,000 pa plus car and substantial benefits

Our client, which carries a well-respected household name, is a major player in its area of financial services.

Reporting to the Finance Director the purpose of your role is to ensure the integrity of the financial accounting process, covering all systems of financial control. Additionally you will manage the statutory accounting process and Lloyds/IBRC regulatory matters. Leading a department of 30 staff you will:-

- Develop the effectiveness of your staff and department (the latter will include systems development work)
- Ensure that all controls exist to ensure the highest level of financial integrity and manage a credit control policy to minimise risk/cost.
- Be instrumental in bringing a financial perspective to ad hoc projects associated with the growth of the business.

To perform and develop this role you will be a Qualified Accountant (almost certainly ACA/ACCA) with experience of the financial services sector (preferably broking or insurance) including knowledge of Lloyds/IBRC matters. In addition you must clearly demonstrate:

- Good leadership qualities as well as excellent relationship building skills.
- A high level of technical awareness and interest as well as systems development experience.
- Maturity, credibility and well developed communication and presentation skills.

If you feel that you could respond to the challenges of this role you should write to Karen Wilson at Hoggett Bowers, 7 Bream's Buildings, Chancery Lane, London EC4A 1DY, enclosing a recent CV and a note of current salary quoting Ref HKW/6435/FT

Hoggett Bowers

EXECUTIVE SEARCH AND SELECTION

LT Property plays a key role in London Transport, responsible for the management of the Commercial Property Portfolio (budgeted income £29m in 1994/5); and the sales/development programme (generating £14m in the current year). Other activities include a significant acquisition programme for new works and new Underground lines (with a £12m p.a. expenditure currently).

Finance Director (Property)

c £55k + benefits

The Finance Director is directly responsible for a finance team of 25 staff. The post is vacant following a career development move and we now seek a results orientated qualified accountant to join our top Property Team. Likely to have five to ten years' post-qualification experience, the person appointed will also ideally have previous experience in a Property Management/Development environment. Previous experience in managing and developing the application of computer systems in business is essential. Experience in both corporate finance and development agreements is desirable.

The position calls for strong personal qualities: the ability to communicate clearly and persuasively at all levels to inspire confidence in associates and business partners; proven leadership qualities and the professional competence to ensure the highest standards of financial management are evident throughout LT Property.

Interested candidates should contact the Central Personnel Manager for an information pack, at London Transport, 55 Broadway, London SW1H 0BD. Please apply with your CV to Central Personnel by Wednesday, 25th January 1995, quoting reference CDV 383/E.

London Transport's policy is to work towards equality within the workforce and therefore applications from all groups are welcomed. Applicants with disabilities should please give details of any special needs in the job or work environment.

London Transport *Property*

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 71 873 4054

Stephanie Cox-Freeman on +44 71 873 3694

Joanne Gerrard on +44 71 873 4153

Sam Morris on +44 71 873 4027

Karl Loynton on +44 71 873 4006

FT

FINANCIAL TIMES

CORPORATE FINANCE ADVISER

Up to £40,000 + car

Eastern Group plc is one of the UK's top 100 companies with an annual turnover in excess of £2 billion. The Group incorporates a number of self-contained energy and network management business streams, including Eastern Electricity - the largest regional electricity company in the country, each of which is sharply focused on meeting the needs of its respective market. Our commercial culture has helped us to thrive in the new competitive climate, and we're now looking for a highly driven individual to take on a key role.

Assisting the Head of Corporate Finance in assessing and negotiating Group transactions and joint ventures, you'll also assist Group businesses with business-specific deals as well as carrying out analysis of the impact of transactions. You'll be responsible for driving and developing projects in the UK and overseas, involving both internal and external liaison; as such your credibility is as important as your project management skills.

An accountant with 3-4 years' post-qualification experience, ideally in the corporate finance department of a major accountancy firm, you'll certainly be fully versed in corporate finance techniques and be familiar with tax matters. Experience of energy related transactions would be an advantage.

Because this is a new role, it's an excellent opportunity to develop your own work style within a flexible and progressive environment. In return for your energy and commitment we offer a highly competitive salary and benefits package plus a company car.

To apply, please write with a comprehensive cv to Kevin Chattell, Personnel Manager, Eastern Group plc, Russell House, PO Box 25, Russell Road, Ipswich IP1 2DQ.

We operate a no smoking policy.

We are an equal opportunity employer.

EASTERN

REGIONAL DIRECTOR OF FINANCE

South West England — **Salary: c£40K + Bonus + Car**

A major opportunity for an ambitious, professional accountant with excellent management and communication skills.

The company

Westminster Press Ltd, part of the Pearson group, is a major publisher of regional newspapers. This key position embraces two of the company's main divisions, Media in Wessex and Oxford & County Newspapers, with a combined annual turnover of £30m. Publications include the Bath Chronicle, the Swindon Evening Advertiser and the Oxford Mail, as well as The Oxford Times and other leading weekly titles. The position is based in Swindon with time spent in Bath and Oxford. The Director of Regional Finance will report directly to the Managing Directors of the two divisions.

The role

- To manage a low-cost high-quality accounting service to satisfy internal customers (i.e. senior management at each location and at head office) and external customers (i.e. Inland Revenue, external auditors, suppliers and advertisers)
- To provide financial input to the decision making process at a senior level as well as being pro-active with commercial issues
- To continue to manage change in working practices in line with new operational and financial requirements

The requirements

The successful applicant is likely to be under 40, a qualified accountant, preferably FCA, and a graduate with a business qualification. He or she will have:

- The ability to create a cost effective accounting team
- Good experience in line management in a major multi-site manufacturing/distribution company, participating positively in a senior management team
- Good communication skills at all levels
- The ability to effect change and utilise information technology
- The ability to present accurate, timely information to senior management in a way which stimulates action

Applications to: Stuart Graham, Finance Director, Westminster Press Limited, 8 - 16 Great New Street, London, EC4P 4ER.

Westminster PRESS

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s.m.i.s

Finance Director

c£50,000 + car, benefits and options

SMIS is a market driven, high technology company growing at more than 30% per annum, based in Guildford, Surrey with multi-currency, multi-company, multi-territory operations in Europe, the Far East and North America. We develop and supply a range of sophisticated products to the medical diagnostic and research market, and for industrial analysis and testing applications.

You will probably have had around 8 years post qualifying experience in a fast growing, knowledge based business, preferably involving electronics manufacturing. You should have developed and implemented effective financial controls and MIS. Experience in dealing with external investors/City institutions would be valuable as the company intends to seek flotation within two years. We will expect you to participate fully in all commercial aspects of the business and to make a significant contribution to the growth of the company.

This is a new appointment and offers great challenges, tremendous personal growth and the potential for high rewards. Please send your curriculum vitae to: Dr. David G. Taylor, Chief Executive, SMIS Ltd, Alan Turing Road, Surrey Research Park, Guildford, Surrey GU2 5YF.

CORPORATE FINANCE DIRECTOR

Required by International Financial Services company

You will be a UK qualified accountant with a minimum of 15 years experience with an international company. Experience of liaising with banks worldwide and reporting to a Board or Chief Executive essential.

You will be based in London, but free to travel. Knowledge of a second European language would be an advantage.

Salary and package will be commensurate with experience.

Please write with full CV to
Ref: CFD., Box A5028, Financial Times,
One Southwark Bridge, London SE1 9HL

Finance Director
Printing Industry

Exeter base **c£35,000**

The British Printing Company Ltd, with an annual turnover in excess of £300 million, is one of Europe's top three printing groups, dominating our specialist markets by carefully aligning each of our product dedicated sectors to changing customer demands.

Already the leading manufacturer within the Books and Journals sector, we are now putting in place our plans to support the next three years strategic development programmes.

A £multi-million turnover Science and Information Division is being created combining the resources of six of our digital data and printing operations to give particular focus to the requirements of the science and information customer base. We now wish to recruit a "hands on" Finance Director, ideally used to working in a change orientated multi-site manufacturing environment to provide a total financial accounting, controlling and management information service.

The successful candidate will be a qualified accountant, an excellent communicator with a proven track record of both leading finance teams and pro-actively developing accounting and information systems to aid management decision making and enhance operational performance.

If you are excited by challenge, and thrive on the dual demands of business planning and grass root implementation, we have the ideal opportunity, combined with an excellent career development and benefits package.

To progress your application, please write demonstrating how your experience meets our criteria to:

Sue Lane, Divisional HR Director,
BPC Books & Journals Ltd, Hennock Road,
Marsh Barton, Exeter EX2 8RP.
Tel: 0392 74121.

BPC BOOKS AND JOURNALS

THE BRITISH PRINTING COMPANY LTD

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e[3]

ENGLISH PARTNERSHIPS

Finance Managers
Various Locations
£24,528 – £29,436/£32,244
(plus London enhancement)

English Partnerships became fully operational in April 1994, as the Agency responsible for bringing sustainable economic and environmental regeneration to England. With its flexible and innovative Investment Fund, English Partnerships works through its six regions to create development packages with the private, public and voluntary sectors to stimulate investment and create jobs through the reclamation of unused land or buildings and the promotion of subsequent development opportunities.

Vacancies now exist for six Finance Managers, one to be based in each of our regional offices located in London, Leicester, Gateshead, Liverpool, Doncaster and Plymouth.

As Finance Manager, you will be responsible, to the Regional Director, for the day to day financial management of revenue and programme expenditure within your region, together with associated administration. You will be required to prepare and co-ordinate detailed budget information and be responsible for compliance with English Partnerships' internal financial systems as well as Government and E.U. guidelines. You will also be responsible for managing the I.T. systems administration within the regional office.

You should have a recognised accountancy qualification, together with experience, at a senior financial level, of controlling expenditure on major projects. Substantial administrative, I.T. and staff management experience are prerequisites of this post, and a knowledge of European Funding and the financial structuring of development agreements would also be an advantage.

Public sector superannuation transfer arrangements will apply and relocation expenses will be payable in appropriate cases.

Write or phone now for an application form, stating regional preference, to be returned by 30 January 1995. Secretary and Head of Personnel, English Partnerships, St George's House, Kingsway, Team Valley, Gateshead, Tyne & Wear NE11 0NA. Tel: (0191) 487 8941.

BUILD ON OUR FINANCIAL GROWTH

With over 800 employees and a turnover approaching £50 million, Robertsons of Elgin is widely recognised as a major force within the construction industry throughout Scotland. Interests range from construction, residential and commercial developments to timber and precast concrete manufacture and quarrying.

Recent restructuring, resulting in the formation of our five main operating divisions, now offers us the opportunity to benefit from increased profitability achieved through controlled, yet rapid, growth.

Financial Director

Working closely with the Group Chairman based at our Head Office in Elgin, you will be part of a small Board Development Team responsible for driving our business strategies forward. You will be required to advise on all financial issues across the range of our activities, ensuring along with Operational Managers that each Division is best placed to maximise profitability and development opportunities. Continuing the development of financial management and control systems will also be a major part of your remit.

This is a very high profile position and demands a particularly dynamic and progressive financial expert. You will have a proven track record in Finance/Business Development at a senior level, preferably in a construction related environment. A high achiever, you will have the ability to lead by example, motivating those around you in order to implement new financial and business development initiatives.

In return, we offer an excellent salary and comprehensive benefits package commensurate with your experience.

Informal enquiries to Brian Watson, Assistant Chief Executive, tel 01343 548621.

Robertson

Applications in the form of a CV should be sent, in confidence, to W. G. Robertson, Chairman & Chief Executive, Robertsons of Elgin Limited, 10 Perimeter Road, Pinefield, Elgin, Moray IV30 3AF, by 10 February 1995.

Financial Controller

Iver, S. Bucks **c. £33K + car + benefits**

Titus International Plc is a fast moving, exciting and profitable organisation specialising in the manufacture and distribution of furniture components sold throughout the world. The company has a turnover of over £13m and is set for further significant expansion through both organic growth and acquisition.

A stimulating and challenging new post for a Financial Controller has been created to help manage future growth. Reporting directly to the Chief Financial Officer, responsibilities include the management of the European accounting function, participation in the Group treasury function and assistance in the preparation of long range plans.

The successful candidate will be a confident, high achiever, probably with:

- a recognised accountancy qualification;
- at least 2 years experience as a FC in a manufacturing environment;
- a high level of computer literacy;
- strong accounting skills, particularly in standard costing;
- staff management experience.

To apply, please send a full CV, including current remuneration, together with contact details by 27 January 1995 to:

Ian Wheeler, Smith & Williamson, No 1 Riding House Street, London W1A 3AS.

Smith & Williamson

FINANCIAL CONTROLLER

SALARY PACKAGE £25-30K

Medical recruitment company situated in St James is looking for a highly motivated, Qualified Accountant with good working knowledge of Microsoft Office, Novel networks and an accounting package. (Preferably in Dynamics) Excellent interpersonal skills, initiative and the ability to work under pressure are essential qualities which will ensure a competitive package, to start immediately.

You will be responsible on a hands on basis, for the day to day financial control of the business, the preparation of monthly and annual accounts and advising management on financial issues. Managing a small staff you will report to the Chairman and the Managing Director.

All applications, which will be treated confidentially, should be addressed to:
The Management Consultant, 1st Floor,
4-6 Bury Street, St James' SW1Y 6AB.

Commodities & Futures Industry

Group Financial Controller

The Company

We are an aggressively expanding UK based Metal Trading House with rapidly growing global interests in energy, F.X. and other futures markets.

The group is undertaking a major expansion of its brokerage operations in early 1995.

Based on its excellent profit performance and growth history the company is strategically positioned to become a dominant participant in the global metals, options and futures industry.

The Position

As a member of a tight management group the appointee will develop responsibility for:

- Accounting and daily management reporting.
- The upgrading and expansion of the group's Back-Office systems for the global futures brokerage activities.
- Treasury and the development of Banking relationships.
- Credit line facilities issued to trade customers and prudent risk management controls.

The Person

We seek an exceptional individual with relevant LME and/or futures industry experience. We require a highly motivated team player who has the vision and flexibility to respond to changing market conditions and who has the foresight to be prepared for new opportunities.

The ideal candidate will preferably be A.C.A. qualified with a demonstrable track record of grasping new challenges and delivering solutions.

An excellent remuneration package is offered.

Interested applicants should forward a full CV in confidence to,

The Managing Director,
Box No. A5029,
The Financial Times,
One Southwark Bridge,
London SE1 9HL.

Our Client is a world-class professional services firm with long established interests in Southern and Central Africa and a client portfolio comprising many of the world's leading businesses across the private and public sector.

MANAGEMENT CONSULTANCY

ZAMBIA

Zambia has entered a period of transition and is rapidly becoming the political and economic success story of Africa. The economy, which was 80% state controlled, is moving to an open and free commercial market, one that is attracting substantial funding from aid organisations such as USAID, the World Bank and the European Union.

To meet the changing needs of the firm, a Manager with drive, tenacity and vision is required to strengthen and develop the consultancy practice.

Probably in your late 20s or early 30s, you are likely to be a professionally qualified accountant with a good degree and, ideally an MBA. Your 5-7 years of consultancy experience will have been gained in the developing world and your skills will encompass marketing, proposal preparation and project management. The work is varied and demanding and offers considerable career potential. If you feel you are up to the challenge, then we would like to hear from you.

PLEASE WRITE ENCLOSING A CV TO CHARLES COTTON AT SOMERVILLE INTERNATIONAL

Somerville International
Search & Selection
Little Brook House, Holdfast Lane, Haslemere, Surrey GU27 2EU
Tel: 0428 641202 Fax: 0428 645409

INTERNATIONAL BANKERS - KUWAIT

A major Kuwaiti Bank is seeking young, experienced and enterprising international bankers for positions at their head office in Kuwait City. The positions provide good growth potential and involve international travel.

QUALIFICATIONS
- University degree.
- Completion of US Bank training program.
- Technically proficient in the credit area.
- Excellent interpersonal and communication skills.

EXPERIENCE
- We are particularly interested in candidates with at least 5 years of Credit and Marketing experience in areas involving Trade Finance, Energy Finance and/or financing of Multinational Corporations.

Successful candidates would be expected to make bottom line contributions shortly after completion of an orientation period. Interested candidates who meet the above requirements are invited to apply in confidence to:

THE GULF BANK, U.K. REPRESENTATIVE OFFICE,
1 COLLEGE HILL, LONDON EC4R 2RA, U.K.

THE GULF BANK

CORPORATE AUDIT

c£30,000 + Bonus + Car **North West**

The Company is a successful and profitable £800 million turnover PLC. The finance function has made an important contribution to the performance of the Group in recent years. As a result of an internal promotion to a senior financial role within the Group an opportunity has arisen to fill a position in the small central Corporate Audit function.

The successful candidate will use a high degree of professional expertise across a range of activities, from the identification, investigation and mitigation of commercial risks and exposures to the development of internal control systems. Additionally, applicants will give support to all Divisions and Companies within the Group on special projects including acquisitions and disposals.

Candidates will be Chartered Accountants with a minimum of 2 years post qualification experience. To meet the needs of this high profile role applicants must have good communication skills and be able to demonstrate a persuasive and strong personality.

Apply in confidence by sending a detailed CV quoting reference number 757 to: Staniforth-Endsor and Partners Ltd, 3 The Courtyard, Ashley Road, Hale, Altrincham, Cheshire WA14 3NG.

Telephone: 061 929 1481. Fax: 061 929 8098.

STANIFORTH·ENDSOR & Partners Ltd
CONSULTANTS IN ORGANISATIONAL COMPETITIVENESS

QUALIFIED ACCOUNTANT
(Project Manager IT Systems)

Aylesbury

to £35,000 + Car + Benefits

THE GROUP

Our client is one of Europe's largest and most successful print groups. Formed from a MBO in 1989 it now has a turnover in excess of £300m, 5000 employees and 30 operating sites throughout the UK.

THE OPPORTUNITY

This is an excellent opportunity to spearhead a new initiative aimed at optimising the management use of IT systems following a £5 million investment programme. Working closely with Senior Group and Operational Management, this is a challenging and high profile role well placed to take advantage of the career opportunities that will arise within this fast moving organisation.

THE CANDIDATE

The ideal candidate will be a Qualified Accountant experienced in the review and implementation of IT Systems and the management of workable remedial projects. This is a results orientated role and candidates must be confident in their ability to deliver tangible improvements in operational efficiency via the appropriate and practical use of the IT Systems.

If you are interested in this opportunity, please write in confidence to Jeff Price at ABPM, 9 Bailey Lane, Sheffield S1 4EG, enclosing your CV with present remuneration, day and home telephone numbers.

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MAIDENHEAD & DISTRICT

THIS IS RE-ADVERTISEMENT

Director of Finance
c. £40,000 + car + benefits

CHAPMAN HENDY ASSOCIATES

Maidenhead & District Housing Association is one of two new independent housing associations which have been set up by the Royal Borough of Windsor & Maidenhead. The Council is due to transfer about half of its housing stock (nearly 3,000 units) to the Association in Spring 1995 following successful tenants' ballot results last year.

The Association will be a major provider of affordable rented housing in the area and its prime objective is to deliver the highest quality housing services. An early key appointment is that of Financial Director. The successful candidate will be a qualified accountant able to prove that he/she can:

- play an important role in securing funding and the confidence of funders;
- be part of the corporate management team, building the Association;
- develop and implement sound financial strategies and policies;
- plan the IT strategy and advise upon systems;
- recruit and train a professional team.

Previous applicants need not reapply.

The Association aims to be an Equal Opportunities Employer

For further details and an application form, please contact:

Cathy Baker
Chapman Hendy Associates
2 John Street
London WC1N 2HJ
Tel: 0171 831 7170

Closing date for receipt of applications is Friday 3 February 1995.